THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000, as amended, if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or transferred all of your Ordinary Shares in Scancell Holdings plc, please send this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold part only of your holding of Ordinary Shares in Scancell Holdings plc, you should retain these documents.

Application will be made for the entire issued ordinary share capital of Scancell Holdings plc to be admitted to trading on the AIM market of London Stock Exchange plc ("AIM"). It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence, on 30 July 2010.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules for Companies published by London Stock Exchange plc (the "AIM Rules"), to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. London Stock Exchange plc has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 6 of this document, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

A copy of this document, which is drawn up as an admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading of the issued ordinary share capital on AIM. This document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this document does not constitute a prospectus for the purposes of FSMA and the Prospectus Rules and has not been pre-approved by the Financial Services Authority ("FSA") pursuant to section 85 of FSMA. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT and the registered office of the Company, Scancell Holdings plc, 5th Floor Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0LS from the date of this document until one month from the date of Admission in accordance with the AIM Rules.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out on pages 12 to 22 of this document, the Risk Factors set out in Part II of this document and the information in Parts III and IV of this document.

SCANCELL HOLDINGS PLC

(Incorporated and registered in England and Wales with registered number 06564638)

Withdrawal of the Ordinary Shares from trading on PLUS

and

Admission of the Ordinary Shares to trading on AIM

Nominated Adviser and Broker – Zeus Capital Limited

SHARE CAPITAL AT THE DATE OF THIS DOCUMENT AND AT ADMISSION

Authorised		*Current and as expected at*	*Issued and fully paid*	
Number	*Amount*	*Admission*	*Number*	*Amount*
20,000,000	£200,000	Ordinary shares of 1p	15,926,659	£159,266.59

Zeus Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to Scancell Holdings plc and is acting for no-one else in connection with the Admission and will not be responsible to anyone other than Scancell Holdings plc for providing the protections afforded to clients of Zeus Capital Limited nor for providing advice in connection with the Admission or any other matter referred to herein. Zeus Capital Limited has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Zeus Capital Limited for the accuracy of any information or opinions contained in this document or for the omission of any information.

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Admission. Zeus Capital Limited accordingly disclaims all and any liability (whether arising in tort, delict, under contract or otherwise) (save as referred to above), which it might otherwise have in respect of this document or such statement.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, Ordinary Shares. This document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

The distribution of this document outside the UK may be restricted by law. No action has been taken by the Company or Zeus Capital Limited that would permit a public offer of shares in the Company or possession of this document where action for that purpose is required. Persons outside the UK who come into possession of this document should inform themselves about the distribution of this document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdictions.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Admission, the expected timing of the Admission and other statements other than in relation to historical facts. Forward-looking statements including, without limitation, statements typically containing words such as "intends", "anticipates", "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts, are intended to identify those expressions or statements as forward-looking statements. The statements are based on the current expectations of Scancell Holdings plc and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are also a number of other factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, local and global political and economic conditions, interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

Neither Scancell Holdings plc nor Zeus Capital Limited nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules, the Disclosure and Transparency Rules of the Financial Services Authority and the City Code on Takeovers and Mergers), neither Scancell Holdings plc nor Zeus Capital Limited is under any obligation and each of them expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

EXECUTIVE SUMMARY

Overview

Scancell is a biopharmaceutical company focused on the cancer therapeutics market and is developing a pipeline of DNA vaccines for the treatment of cancer based on its patented ImmunoBody® platform, which has the potential to overcome many of the limitations of conventional approaches to the development of cancer vaccines.

Cancer remains one of the world's most significant diseases and although there have been considerable advances in the treatment of cancer over the last decade, a high proportion of patients still die as a result of the disease. A key challenge in the fight against cancer is overcoming the tumour's ability to 'mask' itself from the body's natural defence mechanism – the immune system – and developing effective cancer vaccines.

Scancell's mission is to develop therapeutic cancer vaccines that stimulate the patient's immune system to mount an active response to 'reject' or kill the growing tumour.

The Company has recently commenced a Phase I/IIa clinical trial in humans for its lead therapeutic melanoma vaccine, SCIB1, that has repeatedly shown good anti-tumour effects in animal studies. The trial is expected to be completed in 2012. The Directors believe that a positive outcome would enable the Company to position itself for a trade sale to one of the leading pharmaceutical or biotechnology companies operating in the oncology market.

The Directors also intend to license the Company's ImmunoBody® technology on a target by target basis to companies working in the protein and DNA vaccine field. The manipulation and enhancement of patients' immune systems is also relevant to the treatment of other diseases such as chronic infectious disease and inflammation. Although Scancell does not intend to venture outside the oncology arena itself, it intends to license its ImmunoBody® technology to companies working in other therapeutic areas.

Admission to AIM

During 2010, the Company has raised £2.54 million, before expenses, to fund its foreseeable working capital requirements. The Directors believe that the existing funds held by or available to the Group together with future anticipated revenues will be sufficient to allow completion of the Phase I/IIa clinical trial of SCIB1.

The Ordinary Shares of the Company were originally admitted to trading on PLUS in September 2008. However, now that the Company has further strengthened its financial position and progressed the development of SCIB1, the Directors believe that it would be in the best interests of the Company and its shareholders for the Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange.

The Directors believe that this represents a natural transition for the Company and that the potential benefits of an AIM listing will include an increased public profile for the Company.

Under the AIM Rules, prior to Admission, the Company is required to publish an admission document, which this document comprises. The Company is therefore writing to Shareholders to inform them that the Ordinary Shares of the Company will be withdrawn from trading on PLUS from the close of business on 29 July 2010 and that the Ordinary Shares of the Company are expected to be admitted to trading on AIM at 8.00 a.m. on 30 July 2010.

Current Trading and Prospects

Earlier today the Company announced its audited results for the year ended 30 April 2010. Revenue for the period was £nil (2009: £nil), the loss before tax was £1,802,639 (2009: £833,890) and, as at 30 April 2010, the Company had cash and cash equivalents of £2,830,145. The Company has continued to trade in line with the Directors' expectations since 30 April 2010. A copy of the annual report and accounts for the year ended 30 April 2010 can be found on the Company's website at www.scancell.co.uk.

Risk Factors

Your attention is drawn to the risk factors set out in Part II of this document which contains the business and general risks which the Board considers to be the most significant in relation to the Company. There may be other risks that the Board currently considers not to be material or of which they are currently unaware.

DIRECTORS, SECRETARY AND ADVISERS

Directors	David Eric Evans *(Non-Executive Chairman)* Professor Linda Gillian Durrant *(CEO and CSO)* Dr. Richard Morley Goodfellow *(Commercial Director)* Nigel James Forrester Evans *(Non-Executive Director)* Thomas Michael Rippon *(Non-Executive Director)* Dr. Matthew Gerard Winston Frohn *(Non-Executive Director)* All of: Fifth Floor Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS
Company Secretary	Nigel James Forrester Evans
Company Website	www.scancell.co.uk
Company Telephone Number	0115 823 1863
Nominated Adviser and Broker	Zeus Capital Limited 3 Ralli Courts West Riverside Manchester M3 5FT
Reporting Accountants and Auditors to the Company	Champion Accountants LLP 2nd Floor Refuge House 33-37 Watergate Row Chester CH1 2LE
Solicitors to the Company	Laytons Solicitors Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS
Registrars to the Company	SLC Registrars Limited Thames House Portsmouth Road Esher Surrey KT10 9AD

DEFINITIONS

"Act"	the Companies Act 2006
"Admission"	admission of the Ordinary Shares of the Company to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
"AIM"	a market operated by London Stock Exchange plc
"AIM Rules"	the AIM Rules for Companies published by London Stock Exchange plc from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
"Board"	the board of directors of the Company at the date of this document
"Company"	Scancell Holdings plc
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI2001 No. 3755), as amended, and any applicable rules made under those regulations
"Directors"	the directors of the Company whose names are set out on page 6 of this document
"EIS"	Enterprise Investment Scheme
"Existing Ordinary Shares"	the existing issued Ordinary Shares as at the date of this document
"Existing Share Capital"	the issued ordinary share capital of the Company as at the date of this document
"Group"	the Company and its subsidiary, Scancell Limited
"IFRS"	International Financial Reporting Standards
"ISIN"	International Securities Identification Number
"Joint Ownership Share Scheme"	the Company's scheme for joint ownership of Ordinary Shares by the Company's employee benefit trust and key executives
"Locked-in Persons"	each of the Directors of the Company
"London Stock Exchange"	London Stock Exchange plc
"Options"	the options to subscribe for Ordinary Shares which have been granted by the Company to the Optionholders
"Optionholders"	the employees of the Company (including Directors) and other third parties who hold Options
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"PLUS"	the PLUS-quoted market operated by PLUS Markets plc
"Registrars"	SLC Registrars
"RIS"	Regulatory Information Service

"Scancell"	Scancell Limited, company number 03234881, the Company's wholly owned subsidiary
"Shareholders"	holders of Ordinary Shares
"UK"	the United Kingdom of Great Britain and Northern Ireland
"VCT"	Venture Capital Trust
"Zeus Capital"	Zeus Capital Limited, a company registered in England and Wales with registered No. 4417845

GLOSSARY

Antigen	a molecule recognised by an antibody or T-cell
Avidity	how strongly two cells interact
BRAF gene	the BRAF gene is the gene that encodes the BRAF protein. The BRAF protein is involved in sending signals in cells and in cell growth. The BRAF gene can be mutated, and the BRAF protein altered, as an inherited mutation which causes birth defects, or as an acquired mutation (oncogene) in adults which causes cancer
CD64	a type of protein known as an Fc receptor that binds IgG-type antibodies with high affinity
Cytokine	a small protein that is secreted by specific cells of the immune system and that carries signals locally between cells
Cytotoxic T-cells or CTLs	a type of white blood cell that recognises and kills tumour or virally infected cells
Dendritic cells	a type of white blood cell that initiates an immune response
DNA	deoxyribonucleic acid, the molecule that encodes our genes
ELISpot assay	a method for monitoring immune responses in humans and animals
EMA	the European Medicines Agency, a European agency for the evaluation of medicinal products
Epitope	a peptide that is recognised by a T-cell
FDA	the Food and Drug Administration, an agency of the United States Department of Health and Human Services
Helper T-cell	a type of white blood cell that recognises and secretes molecules to alert the immune system to the presence of a tumour or virally infected cell
HPV	Human Papillomavirus, a member of the papillomavirus family of viruses that is capable of infecting humans. HPVs establish productive infections only in the stratified epithelium of the skin or mucous membranes
IFN-γ	a cytokine that is critical for innate and adaptive immunity against viral and intracellular bacterial infections and for tumor control
IgG1	Immunoglobulin G are antibody molecules. IgG is the most abundant immunoglobulin and is approximately equally distributed in blood and in tissue liquids, constituting 75 per cent. of serum immunoglobulins in humans
ImmunoBody	an antibody genetically engineered to express T-cell epitopes from a tumour antigen
Monoclonal antibody or mAb	an antibody produced from an immortalised cell that recognises a single specificity
Peptide	a string of amino acids

Phase I/IIa Clinical trials	in patients designed to test the safety and efficacy of new drugs in man
T-cell	a type of white blood cell that is composed of CTLs and helper T-cells
Vector	a molecule that encodes an epitope and targets the immune response

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2010
Admission document publication date	14 July
Withdrawal of Ordinary Shares from trading on PLUS	4.30 p.m. on 29 July
Admission to AIM and commencement of dealings in the Ordinary Shares	8.00 a.m. on 30 July

Notes:

1. References to time in this document are to London time. lf any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS.
2. The timing of events in the above timetable is indicative only.

KEY STATISTICS

Share Capital

Total number of Existing Ordinary Shares	15,926,659

Upon Admission

Total number of Ordinary Shares in issue immediately following Admission	15,926,659
Market capitalisation of the Company following Admission*	£9.95 million
ISIN	GB00B39J5N63

* Based on the middle market price of 62.5p per Ordinary Share quoted on PLUS at the close of business on 13 July 2010, being the latest practicable date prior to publication of this document.

PART I

LETTER FROM THE CHAIRMAN

Scancell Holdings plc

(Incorporated and registered in England under the Companies Act 1985 with registered number 06564638)

Directors:	*Registered Office:*
David Evans *(Non-Executive Chairman)*	Fifth Floor
Professor Lindy Durrant *(CEO and CSO)*	Carmelite
Dr. Richard Goodfellow *(Commercial Director)*	50 Victoria Embankment
Nigel Evans *(Non-Executive Director)*	Blackfriars
Michael Rippon *(Non-Executive Director)*	London
Dr. Matthew Frohn *(Non-Executive Director)*	EC4Y 0LS

14 July 2010

To the holders of Existing Ordinary Shares and, for information only, to Optionholders

Dear Shareholders,

1. Introduction

Scancell Holdings plc is a biopharmaceutical company focused on the cancer therapeutics market and is developing a pipeline of DNA vaccines for the treatment of cancer based on its patented ImmunoBody® platform, which has the potential to overcome many of the limitations of conventional approaches to the development of cancer vaccines.

Scancell's lead ImmunoBody® product, SCIB1, is a melanoma vaccine that has repeatedly shown good anti-tumour effects in animal studies. A Phase I/IIa clinical trial of Scancell's SCIB1 vaccine in advanced melanoma patients commenced in June 2010 and is expected to be completed in 2012.

Earlier this year the Company raised £2.54 million, before expenses, to fund its foreseeable working capital requirements. The Directors believe that these proceeds, together with the existing funds available to the Group and future anticipated revenues, will be sufficient to allow completion of the Phase I/IIa clinical trial of SCIB1.

The Ordinary Shares of the Company were originally admitted to trading on PLUS in September 2008. However, now that the Company has further strengthened its financial position and progressed the development of SCIB1, the Directors believe that it would be in the best interests of the Company and its shareholders for the Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange.

The Directors believe that this represents a natural transition for the Company and that the potential benefits of an AIM listing will include an increased public profile for the Company.

Under the AIM Rules, prior to Admission, the Company is required to publish an admission document, which this document comprises. The Company is therefore writing to Shareholders to inform them that the Ordinary Shares of the Company will be withdrawn from trading on PLUS from the close of business on 29 July 2010 and that the Ordinary Shares of the Company are expected to be admitted to trading on AIM at 8.00 a.m. on 30 July 2010.

You should read the whole of this document and not just rely on the information contained in this letter. In particular, you should consider carefully the "Risk Factors" set out in Part II of this document. Your attention is also drawn to the information set out in Parts III and IV of this document.

2. Information on the Company

Overview

Scancell is a biopharmaceutical company focused on the cancer therapeutics market and is developing a pipeline of DNA vaccines for the treatment of cancer based on its patented ImmunoBody® platform, which has the potential to overcome many of the limitations of conventional approaches to the development of cancer vaccines.

Cancer remains one of the world's most significant diseases and although there have been considerable advances in the treatment of cancer over the last decade, a high proportion of patients still die as a result of the disease. A key challenge in the fight against cancer is overcoming the tumour's ability to 'mask' itself from the body's natural defence mechanism – the immune system – and developing effective cancer vaccines.

There are two types of vaccines, namely prophylactic vaccines (that stimulate an immune response prior to exposure to the disease and thereby prevent the pathology associated with the disease) and therapeutic vaccines (which stimulate an immune response to reject an established disease). The only registered prophylactic cancer vaccines are Gardasil and Cervarix, which are given to adolescent females to neutralise the HPV virus which causes cervical cancer. Unfortunately very few cancers are known to be caused by viruses so this approach cannot be used routinely and it is therefore necessary to develop therapeutic vaccines. Scancell's mission is to develop therapeutic vaccines that stimulate the patient's immune system to mount an active response to 'reject' or kill the growing tumour.

The Company has recently commenced a Phase I/IIa clinical trial for its lead therapeutic melanoma vaccine, SCIB1, which is expected to be completed in 2012. The Directors believe that a positive outcome would enable the Company to position itself for a trade sale to one of the leading pharmaceutical or biotechnology companies operating in the oncology market.

The Directors also intend to license the Company's ImmunoBody® technology on a target by target basis to companies working in the protein and DNA vaccine field. The manipulation and enhancement of patients' immune systems is also relevant to the treatment of other diseases such as chronic infectious disease and inflammation. Although Scancell does not intend to venture outside the oncology arena itself, it intends to license its ImmunoBody® technology to companies working in other therapeutic areas.

Background

Scancell was spun out from the University of Nottingham in 1996. It was co-founded by Professor Lindy Durrant, PhD (the CEO of the Company). Since its inception, Scancell has consistently focused its attention on harnessing the power of the immune system to treat or prevent disease. Research activity in the early days included the use of antibodies to screen maternal blood for markers of Down's Syndrome although in recent years Scancell has directed its attention exclusively at the cancer therapeutics market.

In December 2006, Scancell decided to divest its preclinical pipeline of cell killing monoclonal antibodies to Peptech (UK) Limited (now Arana Therapeutics) in a deal worth up to £4.85 million (less bonus payments payable to certain of the Directors, as set out in paragraph 8.1.9 of Part IV of this document), in order to concentrate on the further development of its proprietary ImmunoBody® vaccine technology.

The Company was listed on PLUS in September 2008.

Products and Technologies

ImmunoBody® Platform

Scancell's core technology is the ImmunoBody® Platform. The ImmunoBody® technology uses an engineered human monoclonal antibody ("mAb") as a vector to both target and activate key cells that are essential for stimulating a full immune response against the target cancer. The Directors expect that the Immunobody® platform technology will be able to provide the basis for generating ImmunoBody® vaccines that target any tumour type and that the technology may also be utilised in the development of vaccines against chronic infectious diseases.

The key concept for the ImmunoBody® technology is that it generates a high avidity response. Most cancer vaccines induce T-cells of low avidity that fail to control tumour growth. In contrast, *in vivo* results consistently show that the ImmunoBody® platform delivers high avidity T-cell responses that:

- Lyse tumour cells;
- Inhibit the growth of solid tumours; and
- Prevent the spread of metastatic disease.

The Directors believe that this vaccine technology has the potential to materially change the way we treat certain cancers. In essence, an ImmunoBody® is a vector designed to deliver information about a foreign agent or pathogen (this might be a tumour or an infecting agent) to dendritic cells. Dendritic cells use this information to activate an immunological cascade resulting in the production of helper and cytotoxic T-cells ("CTLs") directed against the target of interest (i.e. the tumour or the infecting agent). This is termed 'cellular immunity' which, alongside antibody production (known as 'humoral immunity'), forms the basis of the body's immune defence system.

Although it is relatively easy to produce a humoral immune response with a vaccine to prevent disease, the primary objective of research for many years has been to find a way of producing an effective immune response (high avidity T-cells) that result in regression of established tumours. The ImmunoBody® technology addresses this issue.

The Directors believe that ImmunoBody® technology is superior to traditional technologies for the following reasons:

- 100 fold enhancement of avidity and 3 fold increase in frequency compared to peptide vaccination;
- 1,000 fold enhancement in avidity and 10 fold enhancement in frequency compared to DNA whole antigen immunisation;
- At least as good as the best possible conventional dendritic cellular vaccine but much simpler and gives a more consistent response as it targets dendritic cells *in vivo*;
- Better than viral carrier vaccines as there are no competing foreign T-cell epitopes. Human IgG1 is an inert carrier with a long serum half life; and
- Better than other approaches that target dendritic receptors as CD64 is only expressed on activated dendritic cells and therefore cannot induce tolerance. Other dendritic receptors are expressed on immature dendritic cells and these can induce tolerance.

Scancell is currently developing a number of ImmunoBody® products in order to extend its product pipeline and further validate the technology. To facilitate this, an ImmunoBody® 'plug and play' epitope expression vector system has been developed which enables new vaccines to be generated in a matter of weeks.

Scancell has secured a licensing agreement with Merck KGaA ("Merck"), for two key patents required for the further development and commercialisation of ImmunoBody® vaccines. Under the agreement, Scancell has non-exclusive worldwide rights to use the two patents to further develop and commercialise ImmunoBody® vaccines in all therapeutic areas in both humans and animals. Scancell has also granted Merck an option to negotiate an exclusive license under Scancell's ImmunoBody® platform technology for up to five Merck target products.

In addition, a research agreement has been signed with Canadian vaccine development company ImmunoVaccine Technologies Inc. ("IVT"), to explore using IVT's DepoVax™ delivery system for Scancell's novel ImmunoBody® DNA vaccines. DepoVax™ has the potential to be a more practical delivery method for Scancell's future ImmunoBody® DNA infectious disease and animal health vaccines for which alternative delivery methods such as electroporation may be less suitable.

Scancell has also announced a collaboration with ImmuneRegen BioSciences, Inc. ("ImmuneRegen"), a wholly owned subsidiary of IR BioSciences Holdings, Inc. Under the agreement, Scancell and

ImmuneRegen will work together to investigate the synergy between ImmuneRegen's Homspera® and Scancell's ImmunoBody® vaccine technologies.

Furthermore, in June 2010, the Company announced a research collaboration with immatics biotechnologies GmbH to explore the development of novel ImmunoBody® vaccines for colorectal cancer.

SCIB1

Scancell's lead ImmunoBody® product, SCIB1, is a melanoma vaccine that has repeatedly shown good anti-tumour effects in animal studies. SCIB1 is designed to stimulate a powerful immune response against the melanoma antigen tyrosinase related protein 2 ("TRP-2"), a well-known melanoma target.

In the animal studies, SCIB1 prevented the development of lung metastases and significantly inhibited the growth of established tumours. SCIB1 did not cause systemic toxicity when administered at doses of 20μL per mouse per occasion on five occasions at 3 week intervals over 13 weeks. Injection site inflammation was observed at a greater incidence and severity in SCIB1 treated mice compared to controls, however these changes were almost completely reversible after a 4 week recovery period. The ELISpot assay performed by the Company on spleen cells from control and SCIB1 treated mice showed an increase in IFN-γ response in the SCIB1 treated group compared to the control group, indicating that the treated mice had mounted an appropriate cell-mediated immune response to the test material.

SCIB1 is specifically directed towards an important sub-set of melanoma patients (HLA-A2), although it may be possible to further refine the product in due course to permit the treatment of all melanoma patients. It is expected that, once marketed, treatment will initially be approved for patients with evidence of disease progression following surgery. The use of SCIB1 would be expected to be extended to earlier stage patients following additional clinical trials demonstrating an impact on survival and widespread use of the product, enhancing the sales potential still further.

In January 2009, Scancell secured a deal with Cobra Biomanufacturing Plc for the manufacture of its SCIB1 vaccine, enabling it to meet its target of completing Good Manufacturing Practice ("GMP") manufacture of SCIB1 in the fourth quarter of 2009.

Scancell has also signed a License and Supply Agreement with Ichor Medical Systems Inc. ("Ichor") under which it is licensed to use Ichor's TriGrid™ electroporation device for the development, manufacture and commercialisation of Scancell's vaccines delivered by Ichor's device. *In vivo* electroporation is regarded as an effective method of enhancing the potency of DNA vaccines by up to 100 fold compared to conventional methods of delivery. The Directors are confident that TriGrid™ will provide an effective delivery system for its SCIB1 melanoma vaccine as it enters clinical trials. Scancell also has the option to license TriGrid™ for commercial use on payment of certain undisclosed milestones and royalties.

In May 2010, Scancell's proposal to conduct a Phase I clinical trial on SCIB1 was approved by the Gene Therapy Advisory Committee ('GTAC') and by the Medicines and Healthcare products Regulatory Agency ('MHRA') Medicines Division. In addition, Ichor has obtained the required parallel approval from the MHRA Devices Division for the use of Ichor's TriGrid™ electroporation delivery device to administer SCIB1 to patients participating in the trial of SCIB1.

Following these approvals, recruitment commenced to find patients for the Phase I clinical trial of SCIB1 at three leading UK hospital centres in Nottingham, Manchester and Newcastle.

SCIB2

Scancell's second ImmunoBody® product, SCIB2, will be another DNA cancer vaccine. Scancell has produced and tested a range of potential candidates from which SCIB2 will be selected and tested to the animal proof of principle stage.

Development Plan and Strategy

A Phase I/IIa clinical trial of Scancell's SCIB1 vaccine in advanced melanoma patients commenced in June 2010 and is expected to be completed in 2012. The first patient was treated with the vaccine on 10 June 2010.

It is expected that preliminary immune response and safety data from Phase I of the study will be available in 2011. Phase II of the study, which will be conducted in less severely ill patients is expected to generate further immune response data which, if positive, would provide clinical validation for both SCIB1 and the entire ImmunoBody® Platform.

22 stage III/IV melanoma patients will be immunised with SCIB1. The trial has the following objectives:

1. To assess toxicity and feasibility of SCIB1 DNA vaccination and to determine the maximum tolerated (or maximum feasible) dose;

2. To determine efficacy in terms of high avidity anti-tumour immune responses as determined by *in vitro* immune assays; and

3. To obtain preliminary data as to whether there is a dose relationship between vaccine dose level and efficacy.

The Directors believe that the existing funds held by or available to the Company, together with anticipated future revenues, will be sufficient to allow completion of the Phase I/IIa clinical trial and, if there is a positive outcome, this would demonstrate clinical proof of principle for SCIB1 in melanoma patients. In addition the Company is planning to design and test its second ImmunoBody® product, SCIB2, to the animal proof of principle stage. The Directors believe that data from these studies, if positive, would significantly enhance the value of the business and:

- provide the opportunity to conclude an advantageous deal with a larger biotech or major pharmaceutical company on SCIB1; and

- permit the execution of multiple licensing deals on the ImmunoBody® platform on a target by target basis;

thereby creating a company with both products in the clinic and the potential for generating a pipeline of new products, an excellent profile for a drug discovery business and an attractive acquisition opportunity.

Other Partnerships and Agreements

As with other small research based biotechnology companies, Scancell is reliant upon forging partnerships with other companies to access technology and/or help with the development of its products and/or commercialise its products. A number of partnerships have been forged over the last few years in relation to the ImmunoBody® platform including:

Biovation (MerckSerono)

Scancell licensed Biovation's DeImmunisation™ technology to DeImmunise its epidermal growth factor receptor mAb, SC100, as its antibody vector for the ImmunoBody® technology. In return, Scancell will pay to Biovation 5 per cent. of all gross revenue received by Scancell relating to SC100 or any protein ImmunoBody® products built around SC100 as a framework. The payments are not expected to apply to SCIB1, which is a DNA vaccine.

Cancer Research Technology ("CRT")

Scancell has in-licensed certain rights of CRT, including exclusive rights to sub-license, in respect of the ImmunoBody® technology for ImmunoBody® protein (but not DNA) products. In return, Scancell will pay royalties in relation to any licensing fees or milestone payments that it receives for any such products.

Immunobiology Limited ("Immunobiology")

Scancell has entered into an agreement with Immunobiology for the development of a vaccine for influenza using the ImmunoBody® protein fusion technology.

Intellectual Property

Scancell has a growing patent portfolio and has a policy of patenting wherever possible to enhance value. Scancell's ImmunoBody® technology patents cover any molecular construct containing an Fc binding domain that binds to the high affinity CD64 receptor. They also cover the use of the ImmunoBody® DNA vector. The status of the Company's patent applications is set out in paragraph 12 of Part IV of this document.

As noted above, Scancell has secured a licensing agreement with Merck KGaA ("Merck"), for two key patents required for the further development and commercialisation of ImmunoBody® vaccines. Under the agreement, Scancell has non-exclusive worldwide rights to use the two patents to further develop and commercialise ImmunoBody® vaccines in all therapeutic areas in both humans and animals.

Scancell has also signed an agreement with the National Institutes of Health, a division of the US Department of Health and Human Services, for non-exclusive licenses to patents related to the melanoma antigens TRP-2 and gp100. Under the terms of this agreement Scancell will have the right to develop and commercialise ImmunoBody® vaccines incorporating epitopes from these targets for the treatment of melanoma in humans.

Monoclonal antibodies

Monoclonal antibodies ("mAbs") can be specifically used, *inter alia*, in cancer treatment to bind to cancer cell-specific antigens and induce an immunological response against the target cancer cell. The therapeutic potential of monoclonal antibodies was recognised early, with the first monoclonal antibodies being developed in the 1970s. However the first product for human use was not approved until 1986.

Current antibody technologies have already given rise to a number of important drugs and are likely to continue to do so. Scancell's ImmunoBody® products are essentially mAbs that have been re-engineered as vaccines to induce a powerful CTL response rather than the humoral (and less effective) immunity that conventional vaccines elicit. The advantage of using an mAb structure for ImmunoBody® vaccine discovery and development is that mAbs are proven, well understood biological molecules that can be accelerated through the manufacturing, development and regulatory process on an established development route. This is expected to facilitate the development process and enhance the prospects for licensing both the ImmunoBody® products and the technology.

The oncology market

The cancer market

Despite significant advances in treating cancer over the past 20 years, it remains one of the world's most significant diseases, both in terms of mortality and morbidity. Cancer is a generic term which includes over 200 different types of cancer affecting every organ in the body. 1 in 3 people will develop cancer in their lifetime, although it is rare in children and young people. Cancer is by and large an age related disease, with over 70 per cent. of cancers occurring in people aged 60 and over.

In Europe and the US there are close to 20 million people that live with cancer today, a figure that is increasing.

Surgery is generally the first line of attack for solid tumours, but is rarely a stand-alone treatment and is often followed by radiotherapy or chemotherapy. Radiotherapy can be used in a targeted manner to shrink tumours before, or to prevent spread after, surgery. Chemotherapy can be used to treat both solid and blood borne (liquid) cancers and the drugs or chemicals used preferentially to target and kill cancer cells. Unfortunately, both radiotherapy and chemotherapy affect normal as well as cancer cells causing side effects such as nausea, vomiting, ulceration and fatigue. While there are additional drugs that can be administered to reduce certain side effects, radiotherapy and chemotherapy have a major impact on patients' quality of life and can limit the extent and duration of treatment. An unfortunate feature of cancer cells is that they are able to develop resistance to radiotherapy and chemotherapeutic drugs, reducing and in some instances eliminating the effectiveness of repeat treatment.

The effectiveness of these treatment regimes, as measured by disease-free intervals and recurrence, varies according to the cancer. Therefore, treatment combinations can be effective in eliminating cancer, but there

is still an unacceptably high rate of recurrence and death due to poor specificity and side effects limiting or preventing extended therapy. Immunotherapy involving the direct or indirect use of the immune system to kill cancer cells is an emerging treatment; either alone or in conjunction with the therapies described above. It offers potential for the specificity needed to prevent the growth or spread of cancer cells and there is a high level of activity in this field. However, while the specificity of many of the immunotherapies under development allows preferential targeting of cancer cells, there is substantial scope for treatments that are more effective in killing cells and that have utility against a range of tumour types. Scancell's proprietary ImmunoBody® products are intended to address these needs.

The melanoma market

More than 50,000 new cases of melanoma are diagnosed in the EU every year and the EU has the third highest incidence rate after Australia/New Zealand and North America. Worldwide the incidence of melanoma is increasing.

Few effective therapies have been developed within the last 30 years, as melanoma is one of the most resistant cancers to conventional cancer treatments such as chemotherapy and immunotherapy.

Malignant melanoma, although a less common type of skin cancer, is the most serious. Incidence rates are correlated with fairer skinned groups who are twenty times more likely than darker skinned groups to develop melanoma. This is reflected in the world incidence in which the highest rates occur where the majority of the population is descended from European Caucasians who migrated to an area of higher UV index.

It is not only an incidence increase that is observed but also an increased incidence of this disease which goes hand in hand with a worse prognosis. Advanced disease leads to poor prognosis with a median survival of 6 to 24 months. Although malignant melanoma only constitutes between 4 and 11 per cent. of all skin cancers it accounts for 75 per cent. of all skin cancer related deaths. There is increasing evidence to link the rise in melanoma incidence with changes in sun behaviour. It is believed that in the event of a 10 per cent. thinning of the stratospheric ozone layer an increase of 300,000 cases of nonmelanocytic skin cancer and 4,500 cases of melanoma per year will occur worldwide.

Currently only surgery is curative in melanoma, and although many patients with early disease can be cured with resection of the primary the majority with later stage disease will die of their cancer. There is an urgent need for treatments to use post resection to prevent development of metastatic disease (adjuvant therapies) and for treatments for patients who have already developed metastatic cancer. Successful therapeutic intervention therefore has the potential to confer long term benefits to many patients. Few effective therapies have been developed within the last 30 years as melanoma is one of the most resistant cancers to conventional cancer treatments such as chemotherapy and immunotherapy.

Competition

Because of the size of the cancer market, and the growth in the number of cancer cases with the aging population, the market continues to attract huge interest within the pharmaceutical sector with most of the major pharmaceutical companies having interests in this area. In addition, because there is significant scope for developing novel treatments based on biologicals, there is a large number of small, specialised biotechnology companies focused in this field.

The large number of participants in the cancer market provides competition but also potential partners, given that Scancell intends to enter into deals to license or co-develop its therapeutic products. In addition, not all cancer treatments should be regarded as being in competition with Scancell's products. Cancer therapy is moving towards a multi-treatment approach, where surgery, chemotherapy, radiotherapy and immunotherapy are likely to be used side by side. Thus, rather than being competitive, many of the treatments should more reasonably be regarded as additive.

Many therapies have been tried in the treatment of melanoma, generally with low response rates of 10 to 20 per cent. Dacarbazine is considered by most to be the standard of care for stage IV melanoma and has a response rate of 10 to 20 per cent. with median survival of approximately 6 months.

A large proportion of cutaneous melanoma tumours contain activating oncogenic mutations in the BRAF gene. This is an oncogene that mediates cellular response to growth signals; genetic alterations to the BRAF gene are known to contribute to the development of many cancers. A Phase I clinical study has recently been reported in which the drug PLX4032, a selective inhibitor of the oncogenic V600E mutant BRAF kinase, was administered to 16 melanoma patients with an activating BRAF mutation. Partial responses were seen in nine patients showing greater than 30 per cent. tumour regression and minor responses were seen in another four patients. Some serious adverse events were however observed in some patients after chronic treatment, including possibly drug-related cutaneous squamous cell carcinoma. Further trials are underway.

New approaches to cancer vaccines continue to be sought by the major pharmaceutical companies to overcome the limitations of existing technologies.

Competing immune system therapies for melanoma

Tumour cells are commonly considered as poor immunogens as there is a certain degree of tolerance within the host. This makes generation of an anti-tumour immune response more difficult. However, melanomas are good cancers for considering vaccine therapy as they are some of the most immunogenic tumours known. Melanoma has been an active clinical research area for many years and although there are other immune therapeutic products in clinical development, none has yet shown a dramatic impact on survival. The following are examples of immune system therapies on the market:

Interferon and Interleukin 2

It is known that the immune system does recognise melanoma cells but because of the mechanisms designed to prevent autoimmune disease, the immune system mostly tolerates the cancer. Interferon ("IFN") and interleukin 2 ("IL2") (both potent immune system signalling molecules known as cytokines) have been used to activate the immune system against melanoma as they sometimes overcome this tolerance.

Interferon is approved by both the FDA and EMA and is widely used as an adjuvant therapy to surgical removal of tumours. Meta-analysis shows that adjuvant interferon-alpha produces clear reductions in recurrence of high risk melanoma, with some evidence of an effect of dose, but it is unclear whether this translates into a worthwhile survival benefit or not.

High dose interleukin 2 (Proleukin) was approved in 1998 by the FDA for treatment of metastatic melanoma as durable responses have been seen in a few patients.

These immune therapies provide a benchmark of 10 to 20 per cent. response but with no effect or an unclear effect on survival. However, in the few patients who respond, prolonged survival is seen, indicating that an effective immune response is very beneficial. Obtaining a more effective response is one of the key aims of SCIB1.

CTLA4 targeted therapies

Therapies targeting the immune regulatory molecule, cytotoxic T lymphocyte-associated antigen 4 ("CTLA4"), have been shown to give significant immune responses in patients with melanoma, and in a series of clinical studies, treatment with the anti-CTLA4 antibody, ipilimumab, have shown improved response and disease control rates. However despite reports of emerging new therapies, the treatment of malignant melanoma continues to be an unmet clinical need.

Information on the Group's premises

The Company uses laboratories within the Oncology Department at City Hospital from the University of Nottingham. The premises include two dedicated laboratories, an office and shared use of all the Oncology laboratory facilities. The Directors consider these premises to be sufficient to allow Scancell to achieve its current and medium term business objectives.

Information on the Group's equipment

The Group owns an extensive range of its own laboratory equipment including two tissue culture suites including laminar flow cabinets, incubators, centrifuges and microscopes, numerous fridges and freezers and liquid nitrogen facilities and has the right to use a fully-equipped molecular biology lab which includes a shaking incubator, a sorval centrifuge, 4 PCR machines, a UV doc system and western blotting equipment; and a fully equipped analytical lab including ELISPOT reader, an AKTA, a plate reader, a spectrophotometer and a flow cytometer.

3. Current Trading and Prospects

Earlier today the Company announced its audited results for the year ended 30 April 2010. Revenue for the period was £nil (2009: £nil), the loss before tax was £1,802,639 (2009: £833,890) and, as at 30 April 2010, the Company had cash and cash equivalents of £2,830,145. The Company has continued to trade in line with the Directors' expectations since 30 April 2010. A copy of the annual report and accounts for the year ended 30 April 2010 can be found on the Company's website at www.scancell.co.uk. Further financial information on the Company is set out in Part III of this document.

Scancell is on course in its development of SCIB1, and will seek to continue its progress in line with the original plans as set out in the admission document when listing on PLUS in 2008. With the funds raised earlier this year, the Board is confident that the Company will be able to bring SCIB1 through its initial clinical phases and thereby create value for shareholders based on the clinical data that is expected to be generated.

4. The Board

The Board comprises the following directors:

David Evans, *Non-Executive Chairman (aged 50)*

As its former CFO, David Evans guided Shield Diagnostics Limited through its IPO and then, as its CEO, through its merger with Axis Biochemical ASA to form Axis-Shield plc, a fully listed diagnostics company. In addition to being Chairman of the Company he is currently non-executive Chairman of Epistem Holdings plc, EKF Diagnostics Holdings plc, Immunodiagnostic Systems Holdings plc and Omega Diagnostics Group plc, all of which are AIM listed biotechnology companies.

Professor Lindy Durrant, *Chief Executive Officer/Chief Scientific Officer (aged 52)*

An internationally recognised immunologist in the field of tumour therapy, Professor Durrant has worked for over 20 years in translational research, developing products for clinical trials including monoclonal antibodies for diagnostic imaging and therapy and cancer vaccines. She has a personal Chair in Cancer Immunotherapy at the Department of Clinical Oncology at the University of Nottingham and has over 120 publications on immunotherapy in world renowned scientific journals. Professor Durrant was the co-founder of Scancell.

Dr. Richard Goodfellow, *Commercial Director (aged 60)*

Dr. Goodfellow has over 25 years international experience in the pharmaceutical industry, both in major pharmaceutical and in smaller biotechnology companies. During his time at Astra AB, he oversaw the launch of Losec and other key products internationally. Thereafter, he held the post of Director of Licensing and New Business Development at Scotia Pharmaceuticals Limited, where he was involved with the company's flotation on the London Stock Exchange and successfully negotiated numerous deals. Dr. Goodfellow was also a founder of Paradigm Therapeutics Limited, a Cambridge based functional genomics company, and is a former director of Enact Pharma plc. Richard has been a key member of the Scancell management team since 1999 and was pivotal in negotiating the sale of Scancell's antibody pipeline to Arana Therapeutics (then known as Peptech (UK) Limited) in December 2006.

Michael Rippon, *Non-Executive Director (aged 70)*

Mike Rippon has over 40 years experience in the motor industry. He is an active investor in small cap companies and is one of Scancell's major private investors. He was originally appointed to the Board of Scancell Limited on 1 January 2004.

Dr. Matthew Frohn, *Non-Executive Director (aged 43)*

Dr. Matthew Frohn graduated from Oxford Brookes University with a degree in Cell and Molecular Biology followed by a D.Phil in Biochemistry from Oxford University. He worked on research collaborations with Zeneca, and a short research post with a British Biotech plc subsidiary before joining Oxford Technology Management, the manager of the Oxford Technology VCTs, in 1999.

Nigel Evans, *Non-Executive Director and Company Secretary (aged 71)*

Nigel Evans had 40 years in commercial and strategic roles at senior levels in Rolls-Royce plc in the UK and overseas. Now an active investor in public and private companies, he oversees Scancell's corporate and financial activities. He was Executive Chairman of Scancell for seven years, until 2007.

5. Options and Joint Ownership Share Scheme

The Company has granted options over 1,041,296 Ordinary Shares, which are still unexercised at the date of this document. Further details of these options are set out in paragraph 4 of Part IV of this document.

In addition, as part consideration for its grant of the licence to use Ichor's TriGrid™ electroporation device, Ichor was granted an option to subscribe for ordinary shares in the capital of the Company if Scancell achieves certain milestones in its development of SCIB1. If all milestones are achieved Ichor's options would relate in total to 796,156 Ordinary Shares. Further information in relation to this agreement is set out in paragraph 10.2 of Part IV of this document.

There is also a Joint Ownership Share Scheme in place in which Lindy Durrant, Richard Goodfellow and Nigel Evans all participate in respect of a total of 1,691,780 issued Ordinary Shares. Further details of the Joint Ownership Share Scheme are set out in paragraph 7.1 of Part IV of this document.

6. Corporate Governance and Internal Controls

The Directors acknowledge the importance of the principles set out in the Combined Code issued by the Committee on Corporate Governance (the "Combined Code"). Although the Combined Code is not compulsory for AIM quoted companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

The Board comprises a non-executive Chairman, two executive directors and three further non executive directors. The Board meets regularly to consider strategy, performance, approval of major capital projects and the framework of internal controls. In addition the executive Directors meet on a monthly basis for operational meetings. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Subject to the terms of the executive Directors' service contracts, Directors are subject to retirement by rotation and re-election by the Shareholders at Annual General Meetings on a three-year cycle, as required by the Articles of Association and any Director appointed by the Board shall hold office only until the next Annual General Meeting and shall then be eligible for election.

The Directors have established Audit and Remuneration Committees. All non-executive directors are members of the Audit and Remuneration Committees.

The Audit Committee has Nigel Evans as Chairman, and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit committee meets at least twice a year.

The Remuneration Committee has Matthew Frohn as Chairman, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets no less than once every year.

The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and there are procedures in place to ensure compliance by the Company's applicable employees. The Company has a share dealing code which is appropriate for an AIM quoted company.

7. Dividend Policy

It is not presently intended that the Company pay dividends but, once it is commercially prudent to do so, it is the intention of the Board to implement a progressive dividend policy.

8. Lock-in Arrangements

At Admission, the Locked-in Persons will be interested in 2,943,165 Ordinary Shares which together represent 18.48 per cent. of the Issued Share Capital. The Locked-In Persons have each undertaken that, save in limited circumstances set out in AIM Rule 7 of the AIM Rules for Companies, they will not (and will procure, in so far as they are able, that any person with whom they are connected for the purposes of Sections 252 to 254 of the 2006 Act will not) during a period of twelve months from the date of Admission, dispose of any interest in Ordinary Shares held by them. In addition, the Locked-In Persons have each undertaken that, save with the prior written consent of the Nominated Adviser, they will not (and will procure, in so far as they are able, that any person with whom they are connected for the purposes of Section 252 to 254 of the 2006 Act will not) during the period after the expiry of the Lock-in Period and 30 days after publication of the audited results for the year ending 30 April 2011, dispose of any interest in Ordinary Shares held by them, other than through the Company's broker.

9. Risk Factors

Your attention is drawn to the risk factors set out in Part II of this document and to the section entitled "Forward Looking Statements" on page 2 of this document. In addition to all other information set out in this document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

10. Additional information

You should read the whole of this document and not just rely on the information contained in this letter. Your attention is drawn to the information set out in Parts II to IV (inclusive) of this document.

Yours faithfully

David Evans
Non-Executive Chairman

PART II

RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below. Ordinary Shares may not be a suitable investment for all of its recipients. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a company, the Board considers that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this document, prior to investing in the Ordinary Shares. There are a number of risks in investing in biotechnology companies, including, but not limited to, clinical, regulatory, manufacturing, commercial and intellectual property risks and the requirement to raise additional finance. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

It should be noted that the risks described below are not the only risks faced by the Group and there may be additional risks that the Board currently consider not to be material or of which they are currently not aware.

If any of the events described in the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below is not set out in any order of priority. The Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.

Risks Specific to the Company

Management team

The Company's success depends on the retention of its Directors and management team, and on its ability to continue to attract and retain highly skilled and qualified personnel. There can be no assurance that the Company will retain the services of any of its Directors and management team. However, the Company has purchased key man insurance to protect against the loss of Professor Lindy Durrant.

Technology and products

Scancell is an immunotherapy drug discovery company. Its success is dependent upon the development, successful licensing and patenting of its proprietary technology and its products. Products within Scancell's pipeline, both in house and in development with partners, are in relatively early stages of development. There is a risk that safety issues may arise when the products are tested in man. This risk is common to all new classes of drugs and, as with all other drug companies, there is a risk that trials may not be successful.

Product development timelines

Product development timelines are at risk of delay, particularly since it is not always possible to predict the rate of patient recruitment into clinical trials. There is a risk therefore that product development could take longer than presently expected by the Directors; if such delays occur the Company may require further working capital. The Directors seek to minimise the risk of delays by careful management of projects.

Competition

It is possible that another biotechnology company might develop rival products that prove to be superior or more cost effective than those being developed by Scancell.

Patents

The field of antibody development is highly litigious. Scancell's priorities are to protect its intellectual property ("IP") and seek to avoid infringing other companies' IP. To protect its technology, Scancell has secured and is securing further worldwide rights to patents protecting both the ImmunoBody® Platform and SCIB1. However, there remains the risk that Scancell may face opposition from other companies to patents that it seeks to have granted. The Company engages reputable legal advisers to mitigate the risk of patent infringement and to assist with the protection of Scancell's IP.

Liquidity

Notwithstanding the fact that the Ordinary Shares will be listed on AIM, this should not be taken as implying that there will be, a "liquid" market in the Ordinary Shares. It may be difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount that they originally paid for those Ordinary Shares. The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets or operations. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.

Fluctuation in share price

The share prices of public companies are often subject to significant fluctuations. In particular, the market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the Company's share price may be subject to greater fluctuation and the Ordinary Shares may be difficult to sell.

Further fundraisings

The Company may need to raise funds in the future. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price, or a higher price, than the price originally paid by an existing investor. Shareholders may be materially diluted by any further issue of Ordinary Shares by the Company.

Arana Therapeutics

On 1 December 2006, Scancell sold its portfolio of antibodies to Arana Therapeutics (then known as Peptech (UK) Limited). The consideration for the sale was a cash payment of £2 million, which was paid on completion of the sale, plus a possible further sum of £2.85 million which is payable contingently upon clinical trials commencing on or before 1 December 2011 of a drug directly or indirectly derived from any of the antibodies which were the subject of the sale. Such trials have not yet commenced and there is no guarantee that they will commence in time to satisfy the contingency; it therefore cannot be assumed that the contingent consideration will be paid.

Of the consideration of £2 million paid on completion, £1.745 million was treated as a trading receipt against which Scancell set off trading losses, including trading losses brought forward from previous periods. The balance of the initial payment (namely £255,000) less allowable expenditure of £40,000 was treated as a receipt for the assignment of antibodies which were protected by patents created before 1 April 2002; accordingly, one-sixth of the net amount of £215,000 is treated as taxable in each of six successive years, the first of which was the twelve month period ended 30 April 2007, being the period in which the sale took place. Accordingly, Scancell has paid corporation tax in respect of the first three of those years and further corporation tax will be payable in respect of the remaining three years.

Additional corporation tax will be payable on the contingent consideration of £2.85 million if and when the contingency giving rise to that payment is satisfied.

EIS and VCT relief

The availability of EIS or VCT tax relief on Ordinary Share issued by the Company will depend, *inter alia*, upon the investor and the Company satisfying various qualifying conditions, normally for a period of not less than three years from issue of the relevant shares. The Directors are mindful of these conditions and do not intend that the Company's activities should cause them to cease to be complied with; however, it is the Directors' intention to seek a trade sale at a suitable stage, probably following conclusion of Phase I/IIa

clinical trials in respect of SCIB1, if it is advantageous to shareholders generally and this may be within the three year period. The Company cannot guarantee to conduct its activities in such a way as to maintain its status as a qualifying EIS or VCT investment.

Eventual Exit

Although the Directors believe that a positive outcome from taking Scancell's lead melanoma vaccine, SCIB1, through a Phase I/IIa clinical trial would enable the Company to position itself for a trade sale to one of the leading pharmaceutical or biotechnology companies operating in the oncology market, there is no guarantee that a trade sale would be possible at that time.

General Risk Factors

Forward looking Statements

All statements other than statements of historical fact included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to Shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

These forward looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Areas of Investment Risk

The prices of publicly quoted securities can be volatile. The price of securities is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to the Company.

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case.

An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the UK Listing Authority. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company and others which are extraneous. On any disposal of their Ordinary Shares, investors may realise less than the original amount invested.

Economic, political, judicial, administrative or other regulatory matters

The Company may be adversely affected by changes in economic, political, judicial, administrative or other regulatory factors, as well as other unforeseen matters.

Taxation

The attention of potential investors is drawn to paragraph 11 of Part IV headed "Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life.

Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

Prospective investors are strongly recommended to consult an investment adviser authorised under FSMA, who specialises in advising on investments of this nature before making any decision to invest in Ordinary Shares.

PART III

SECTION A

ACCOUNTANT'S REPORT ON SCANCELL HOLDINGS PLC

The Directors
Scancell Holdings plc
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Blackfriars
LONDON
EC4Y 0LS

The Directors
Zeus Capital Limited
3 Ralli Courts
West Riverside
MANCHESTER
M3 5FT

14 July 2010

Dear Sirs,

Scancell Holdings plc ("Scancell Holdings" or "the Company")

1. INTRODUCTION

1.1 We report on the financial information set out below. This financial information has been prepared for inclusion in the admission document dated 14 July 2010 of Scancell Holdings relating to the withdrawal of the ordinary shares in Scancell Holdings from trading on the PLUS Market and its application for admission of the ordinary shares to trading on the AIM market of the London Stock Exchange plc.

Basis of Preparation

1.2 The financial information set out below is based on the financial statements of Scancell Holdings for the period from 14 April 2008 (the date of incorporation) to 30 April 2010, prepared on the basis described in note 2.1. Scancell Limited became a wholly owned subsidiary of the Company on 15 July 2008.

1.3 No audited accounts have been prepared for any period since 30 April 2010.

1.4 Champion Accountants LLP have acted as auditors of the Company throughout the above period.

Responsibility

1.5 The financial statements, which form the basis of the financial information in this report, are the responsibility of the Directors and have been approved by them.

1.6 The Directors of Scancell Holdings plc are responsible for the contents of the admission document in which this report is included.

1.7 It is our responsibility to compile the financial information set out in our report and to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

1.8 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of the evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies were appropriate to the entity's circumstances, consistently applied and adequately disclosed.

1.9 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

1.10 In our opinion the financial information gives, for the purpose of the admission document, a true and fair view of the profits and losses and cash flows of the Company and the Group for the period from 14 April 2008 to 30 April 2009 and the year ended 30 April 2010 and of the state of affairs of the Company as at 30 April 2008 and of the Company and the Group at 30 April 2009 and 30 April 2010.

Consent

1.11 We consent to the inclusion of this report in the admission document and accept responsibility for this report for the purposes of Schedule Two of Part One of the AIM Rules for Companies.

2. ACCOUNTING POLICIES

Basis of preparation

2.1 The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. In preparing the underlying financial information the Directors have applied certain first time adoption provisions allowed by IFRS 1. These standards remain subject to ongoing amendment and/or interpretation and are therefore still subject to change. Accordingly information contained in these financial statements may need updating for subsequent amendments to IFRS required for first time adoption or for new standards issued post balance sheet date.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 3 Business Combinations (revised)
- IFRS 5 Non current assets held for sale and discontinued operations (amended)
- IAS 27 Consolidated and separate financial statements (amended)
- IAS 39 Financial instruments: recognition and measurement – eligible hedge items (amended)
- IFRIC 17 Distributions of non cash assets to owner

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

The Company has established IFRS accounting policies for the year ended 30 April 2010 and applied these policies and the opening balance sheet at its date of transition being 1 May 2008. The impact of transition from UK GAAP to IFRS on shareholders' equity as at 30 April 2009 and on the date of

transition of 1 May 2008, and on the Company's income statement for the year ended 30 April 2009 is outlined in note 8.18. The transition to IFRS has not affected the company's cash flows.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as intangible assets. Although these estimates are based upon management's best knowledge of the amount event or actions, actual results may ultimately differ from those estimates.

Transitional arrangements

The adoption of the provisions set out in IFRS 1 is set out below.

- Business combinations: the Group has previously applied merger accounting when consolidating the accounts of its subsidiary company. This is not permissible under IFRS 3 and so the consolidated accounts, including the holding company's accounts have been restated using acquisition accounting exemption,
- Share-based payments: the Company has applied the requirements of IFRS 2 – 'Share-based payments' in accordance with the transitional provisions. IFRS 2 has been applied to all grants of equity instruments that had not vested at 30 April 2009.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Business Combinations

2.2 The financial statements incorporate the financial statements of the Company and its subsidiary. Unrealised gains on transactions between the Group and its subsidiary are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group since date of transition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of assets and liabilities is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

Subsidiary:

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly (but normally through voting rights granted through the Company's shareholdings), to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements.

Acquisitions:

On acquisition, the assets and liabilities of a subsidiary, including identifiable intangible assets, are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed for impairment annually and any impairment is recognised immediately in the income statement. Any excess of fair value of the identifiable net assets acquired over the cost of acquisition is credited to the income statement on acquisition.

The results and cash flows relating to the business are included in the consolidated accounts from the date of combination.

Going Concern

2.3 The Directors have reviewed the funding position for the forward period and considered the viability of business plans and budgets.

The Directors consider that on the basis of the funding it has received the Company and the Group will be able to meet all of its obligations for the foreseeable future. Accordingly the directors consider that the going concern basis is appropriate for the preparation of these financial statements.

Revenue

2.4 Revenue represents net invoiced sales of goods excluding value added tax.

Tangible fixed assets and depreciation

2.5 Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	25% per annum on reducing balance
Computer equipment	33% per annum on reducing balance

Deferred taxation

2.6 Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date, to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Research and development

2.7 Expenditure on research and development is written off in the year in which it is incurred.

An internally generated asset arising from the group's development activities is only recognised if all of the following criteria are met:

– technical feasibility of completing the intangible asset so that it will be available for sale

– intention to complete the intangible asset and use or sell it

– ability to use or sell the intangible asset

– the intangible asset will generate future economic benefit

– resources are available both technically and financially in order to complete the development.

In the case of development projects undertaken by the group, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Hire purchase and leasing commitments

2.8 Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

2.9 Foreign currency assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the profit and loss account as they arise.

Grants received

2.10 Grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate.

Cash

2.11 Cash includes cash-in-hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

Equity

2.12 Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Retained earnings include all current and prior period results as disclosed in the income statement.
- Share-based payment reserve is the corresponding entry to the expense arising from equity-settled share-based payments.

Share based payments

2.13 In accordance with IFRS 2 – 'Share based payments', a charge is made for all share-based payments including share options based upon the fair value of the instrument issued. Under IFRS 2 the charge in the Profit and Loss Account for granted share options is based upon the fair value of the options at grant date and is charges over the expected vesting period. Estimates of leaver rates are taken into account over the vesting period. A charge has been recognised for all awards granted and is charged to the same expense category as the remuneration costs for the employee to whom the share award has been made. An equivalent amount is credited to the retained profit and loss reserve in the balance sheet, with no resulting impact on net assets.

Segment reporting

2.14 A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

The directors consider that the group operated within a single business segment.

3. INCOME STATEMENTS

	Note	*Year ended 30 April 2010* £	*Year ended 30 April 2009* £
Revenue		–	–
Cost of sales		(1,091,351)	(676,039)
Gross loss		(1,091,351)	(676,039)
Administration expenses		(751,365)	(427,764)
Other operating income		37,650	212,631
Operating loss	8.1	(1,805,066)	(891,172)
Interest receivable and similar income	8.3	2,427	57,282
Interest payable and similar charges		–	–
Loss on ordinary activities before taxation		(1,802,639)	(833,890)
Tax on loss on ordinary activities	8.4	65,510	48,158
Loss on ordinary activities after taxation		(1,737,129)	(785,732)
Earnings per share (pence)	8.5		
Basic		(16.2)p	(9.4)p
Diluted		(16.2)p	(9.4)p

The above results all relate to continuing activities which commenced on 15 July 2008 when Scancell Holdings plc acquired Scancell Limited.

The parent company's loss for the financial year was £272,952 (2009 – loss £113,264).

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £	*Share premium account* £	*Retained earnings* £	*Total* £
At 1 May 2008	–	–	–	–
Share issue on acquisition of Scancell Limited	76,030	4,485,799	–	4,561,829
Loss for the year	–	–	(785,732)	(785,732)
Share issue	26,726	1,576,776	–	1,603,502
Share issue costs	–	(151,470)	–	(151,470)
Share option costs	–	–	26,185	26,185
At 30 April 2009	102,756	5,911,105	(759,547)	5,254,314
Loss for the year	–	–	(1,737,129)	(1,737,129)
Share issue	55,977	2,463,063	–	2,519,040
Share issue costs	–	(52,360)	–	(52,360)
Share option costs	–	–	64,012	64,012
At 30 April 2010	158,733	8,321,808	(2,432,664)	6,047,877

5. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	*At 30 April 2010* £	*At 30 April 2009* £
ASSETS			
Non-current assets			
Tangible assets	8.6	131,763	82,265
Goodwill	8.7	3,415,120	3,415,120
		3,546,883	3,497,385
Current assets			
Trade and other receivables	8.9	122,636	404,590
Cash at bank and in hand		2,830,145	1,519,070
		2,952,781	1,923,660
Total Assets		6,499,664	5,421,045
LIABILITIES			
Current Liabilities			
Trade and other payables	8.10	(451,787)	(166,731)
Total Liabilities		(451,787)	(166,731)
NET ASSETS		6,047,877	5,254,314
SHAREHOLDERS' EQUITY			
Called up share capital	8.11	158,733	102,756
Share premium		8,321,808	5,911,105
Profit and loss account		(2,432,664)	(759,547)
TOTAL SHAREHOLDERS' EQUITY	8.14	6,047,877	5,254,314

6. COMPANY STATEMENTS OF FINANCIAL POSITION

	Note	*At 30 April 2010* £	*At 30 April 2009* £	*At 30 April 2008* £
ASSETS				
Non-current assets				
Investments	8.8	4,561,829	4,561,829	–
		4,561,829	4,561,829	–
Current assets				
Trade and other receivables	8.9	3,570,782	1,378,958	–
Cash at bank and in hand		177,612	–	–
		3,748,394	1,378,958	–
Total Assets		8,310,223	5,940,787	–
LIABILITIES				
Current Liabilities				
Trade and other payables	8.10	(131,505)	(15,624)	–
Total Liabilities		(131,505)	(15,624)	–
NET ASSETS		8,178,718	5,925,163	–
SHAREHOLDERS' EQUITY				
Called up share capital	8.11	158,733	102,756	–
Share premium		8,321,808	5,911,105	–
Profit and loss account		(301,823)	(88,698)	–
TOTAL SHAREHOLDERS' EQUITY	8.14	8,178,718	5,925,163	–

The balance sheet of the Company on incorporation and at 30 April 2008 comprised trade and other receivables of £0.02 and called up share capital of two subscriber shares of £0.01 each.

7. CONSOLIDATED CASHFLOW STATEMENTS

	Note	*Year ended 30 April 2010* £	*Year ended 30 April 2009* £
Net cash outflow from operating activities	8.15	(1,504,392)	(1,097,893)
Returns on investment and servicing of finance:			
Interest received		2,427	57,282
Taxation recovered		190,376	38,962
Capital Expenditure: Purchase of tangible fixed assets		(72,148)	(23,383)
Bank balance acquired with acquisition of subsidiary		–	879,570
		(1,383,737)	(145,462)
Financing:			
Share issues		2,519,040	1,452,032
Grants received		175,772	212,500
Increase in cash in the year	8.16	1,311,075	1,519,070

8. NOTES TO THE FINANCIAL INFORMATION

8.1 ***Operating loss***

	Year ended 30 April 2010	*Year ended 30 April 2009*
	£	*£*
Operating loss is stated after crediting:		
Government grants	37,500	212,500
Operating loss is stated after charging:		
Directors' emoluments	49,347	37,725
Auditors' remuneration	12,000	12,000
Operating lease rentals	14,056	14,056
Depreciation of tangible assets (owned)	22,649	27,770
Research and development costs	1,091,351	676,039

8.2 ***Staff costs***

Directors' salaries	14,000	14,000
Wages and salaries	178,299	131,138
Social security costs	18,620	13,751
	210,919	158,889

The average number of persons employed during the year was:

	Year ended 30 April 2010	*Year ended 30 April 2009*
	No	*No*
Research	5	4
Administration	1	1
	6	5

Directors remuneration:

During the year Mr. D Evans received remuneration of £35,437 (2009: £21,250) including commission of £13,680 (2009: £nil) for partly underwriting the placement of shares.

Professor L Durrant received salary of £5,000 (2009: £5,000); Dr. R M Goodfellow received salary of £5,000 (2009: £5,000) and Mr. N J Evans received salary of £4,000 (2009: £4,000). Details of consulting services provided by these directors are disclosed in note 8.17.

No other directors received any remuneration.

8.3 ***Interest***

	£	*£*
Other interest receivable and similar income:		
Bank deposit interest	2,427	57,282
	2,427	57,282

8.4 ***Taxation***

The tax credit on the loss on ordinary activities for the period was as follows:

	£	£
Current tax:		
UK Corporation tax	(65,510)	(48,158)
Adjustment re prior years	–	–
	(65,510)	(48,158)

Factors affecting the tax charge

The tax assessed for the years are lower than the applicable rate of corporation tax in the UK. The difference is explained below:

	£	£
Loss on ordinary activities before tax	(1,802,639)	(833,890)
Loss on ordinary activities multiplied by the standard rate of tax in the UK (21%)	(378,554)	(175,117)
Effect of:		
Disallowed expenditure	52	79
Timing differences	(11,960)	(3,473)
Research and development tax credits	(65,510)	(48,158)
Unrelieved trading losses carried forward	390,462	178,511
Current tax credit	(65,510)	(48,158)

A deferred tax asset has not been recognised in the financial statements in respect of losses carried forward against future profits to the extent that the company does not anticipate sufficient taxable profits are likely to arise in the immediate future to utilise these losses.

	Year ended 30 April 2010	*Year ended 30 April 2009*
	£	£
Approximate losses available to carry forward	4,360,000	2,700,000
Estimate deferred tax asset not recognised	915,600	567,000

8.5 ***Earnings per share***

The earnings per ordinary share has been calculated using the loss for the year and the weighted average number of ordinary shares in issue during the year as follows:

	£	£
Loss for the year after taxation	(1,737,129)	(785,732)
	No.	No.
Basic weighted average of ordinary shares of 1p each	10,733,335	8,334,283
Basic earnings (pence per share)	(16.2)p	(9.4)p
Fully diluted earnings (pence per share)	(16.2)p	(9.4)p

As the Group is reporting a loss for both years then, in accordance with IAS33, the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

8.6 ***Tangible fixed assets***

	Plant and machinery £	*Computer equipment* £	*Total* £
Cost			
At 1 May 2008	–	–	–
Acquisition of Scancell Limited	238,898	14,640	253,628
Additions	22,408	975	23,383
At 30 April 2009	261,396	15,615	277,011
Additions	71,699	449	72,148
Disposals	–	–	–
At 30 April 2010	333,095	16,064	349,159
Depreciation			
At 1 May 2008	–	–	–
Acquisition of Scancell Limited	154,635	12,341	166,976
Charge for the year	26,690	1,080	27,770
At 30 April 2009	181,325	13,421	194,746
Charge for the year	22,141	508	22,649
Eliminated on disposals	–	–	–
At 30 April 2010	203,466	13,929	217,395
Net book value			
At 30 April 2008	–	–	–
At 30 April 2009	80,071	2,194	82,265
At 30 April 2010	129,629	2,135	131,764

8.7 ***Goodwill***

	Total £
At 1 May 2008	–
Arising on acquisition of subsidiary Scancell Limited	3,415,120
At 30 April 2009	3,415,120
Additions	–
At 30 April 2010	3,415,120

8.8 ***Fixed Asset Investments***

	Total
	£
Cost at 30 April 2009 and 30 April 2010	4,561,829

The Company's investment represents 100% of the ordinary share capital of its subsidiary company, Scancell Limited acquired on 15 July 2008. The net assets acquired were as follows:

	£
Non current assets – plant, machinery and computer equipment	86,652
Accounts receivable	7,413
Taxation recoverable	180,487
Cash at bank	879,570
Accounts payable	(7,413)
	1,146,709
Goodwill	3,415,120
Net assets satisfied by shares allotted	4,561,829

8.9 ***Trade and other receivables***

	Group Year ended 30 April 2010	*Group Year ended 30 April 2009*	*Company Year ended 30 April 2010*	*Company Year ended 30 April 2009*
	£	*£*	*£*	*£*
Trade debtors	–	8	–	–
Other debtors	–	138,271	–	–
Corporation tax	64,817	189,683	–	–
VAT	45,202	74,187	2,156	24,207
Prepayments	12,617	2,441	9,600	–
	122,636	404,590	11,756	24,207
Amounts falling due after more than one year:				
Amounts due by subsidiary company			3,559,026	1,354,751
			3,570,782	1,378,958

8.10 ***Trade and other payables***

	Group Year ended 30 April 2010	*Group Year ended 30 April 2009*	*Company Year ended 30 April 2010*	*Company Year ended 30 April 2009*
	£	*£*	*£*	*£*
Trade creditors	364,127	77,971	62,963	–
Other creditors	–	68,554	–	–
Taxation and social security	–	4,582	–	–
Accrued expenses	87,660	15,624	68,542	15,624
	451,787	166,731	131,505	15,624

8.11 ***Share capital***

	Year ended 30 April 2010 £	*Year ended 30 April 2009* £	*Year ended 30 April 2008* £
Authorised			
20,000,000/16,000,000 Ordinary shares of 1p each	200,000	200,000	160,000
Allotted, called up and fully paid			
15,873,326/10,275,551/2 Ordinary shares of 1p each	158,733	102,756	–

On 3 June 2008, the Company issued 6,267,500 ordinary shares of 1p each at par on the basis of 4 shares for every one share held in Scancell Limited.

On 15 July 2008, the Company issued 1,335,548 ordinary shares of 1p each at par on the basis of 4 shares for every one share held in Scancell Limited, in accordance with the drag along provisions. Following this transfer the acquisition of Scancell Limited by Scancell Holdings Limited was complete.

On 24 September 2008, the Company was listed on the PLUS quoted market and 2,599,170 ordinary shares of 1p each were issued as fully paid at a price of 60p per share.

On 19 December 2008, the Company issued 73,333 new ordinary shares of 1p each in lieu of advisory fees relating to the admission of the Company on the PLUS quoted market at a price of 60p per share

On 30 March 2010, the Company issued 5,137,775 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to an open offer and placing.

On 14 April 2010, the Company issued 460,000 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to a placing.

Post the year end on 10 May 2010, the Company issued 53,333 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to a placing related to satisfying advisory fees.

8.12 ***Share options***

The Group has granted options to members of staff as follows:

Share Scheme	*Grant Date*	*Option Price*	*Number of shares*	*Period within which options are exercisable* *From*	*To*
EMI	2 December 2008	50p	29,000	2 December 2011	2 December 2018
	2 December 2008	313p	12,000	2 December 2011	2 December 2018
	2 January 2009	60p	14,500	2 January 2012	1 January 2019

The market price of the shares at 30 April 2010 was 50p and the range during the year was 40p to 50p. Options may normally be exercised in whole or in part within the period of three to ten years after the date of the grant.

At 30 April 2010 the following options are held by directors of the company:

Unapproved	*Options 1 May 2009*	*Options Granted*	*Options 30 April 2010*	*Exercise price*	*Date first exercisable*	*Expiry date*
D Evans	304,000	–	304,000	60p	2 December 2011	2 December 2018

The weighted average exercise prices over the year were as follows:

	Exercise Number	*Weighted Average Price*
Enterprise Management Scheme		
Number of options outstanding at 1 May 2009 and 30 April 2010	55,500	109p
Exercisable at 30 April 2010	–	–
Unapproved Scheme		
Number of options outstanding at 1 May 2009 and 30 April 2010	304,000	60p
Exercisable at 30 April 2010	–	–

In accordance with IFRS 2 – 'Share based payments', a charge is made for all share -based payments including share options based upon the fair value of the instrument issued.

Under IFRS 2 the charge in the Profit and Loss Account for granted share options is based upon the fair value of the options at grant date and is charges over the expected vesting period. Estimates of leaver rates are taken into account over the vesting period. A charge has been recognised for all awards granted and is charged to the same expense category as the remuneration costs for the employee to whom the share award has been made. An equivalent amount is credited to the retained profit and loss reserve in the balance sheet, with no resulting impact on net assets.

As a result of this change in accounting policy a sum of £26,185 has been charged to the loss for the year ended 30 April 2009 in respect of share options granted in the period. The sum of £26,185 has also been credited to the retained profit and loss reserve in the balance sheet with no impact on net assets at 1 May 2009.

8.13 ***Share based payments***

The Group operates a number of share based incentive schemes as detailed in note 8.11 above. The fair value of the award granted and the assumptions used in the calculations are as follows:

Date of grant	*Type of award*	*Number of awards*	*Exercice price*	*Share price at grant date*	*Fair value per option*
2 December 2008	EMI	29,000	50p	58p	33p
2 December 2008	EMI	12,000	313p	58p	2p
2 December 2008	Unapproved	304,000	60p	58p	33p
2 January 2009	EMI	14,500	60p	58p	33p
2 April 2009	Unapproved	5,864	25p	40p	27p
2 April 2009	Unapproved	2,932	94p	40p	15p

A description of the key assumptions used in calculating the share-based payments follows.

1. The Black-Scholes valuation methodology was used.

2. The expected volatility is based upon historical volatility over a period of time and amounted to 45.3 per cent.

3. The expected life used in the model varies between two and five years and is based upon management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

4. The risk free rate is based upon the prevailing UK bank base rate at grant date.

5. Expected dividend yield is nil.

8.14 ***Movement in share capital and reserves***

The movement in group reserves over the period is detailed in the Statement of Changes in Equity in Section 4 of this report.

The movement in the share capital and reserves of the Company is as follows:

	Share Capital £	*Share premium account* £	*Retained earnings* £	*Total* £
At 1 May 2008	–	–	–	–
Share issue on acquisition of Scancell Limited	76,030	4,485,799	–	4,561,829
Loss for year	–	–	(113,284)	(113,284)
Share issue	26,726	1,576,776	–	1,603,502
Share issue costs	–	(151,470)	–	(151,470)
Share option costs	–	–	24,586	24,586
At 30 April 2009	102,756	5,911,105	(88,698)	5,925,163
Loss for the year	–	–	(272,952)	(272,952)
Share issue	55,977	2,463,063	–	2,519,040
Share issue costs	–	(52,360)	–	(52,360)
Share option costs	–	–	59,827	59,827
At 30 April 2010	158,733	8,321,808	(301,823)	8,178,718

8.15 ***Net cash outflow from operations***

	Year ended 30 April 2010 £	*Year ended 30 April 2009* £
Operating loss	(1,805,066)	(891,172)
Share option costs	64,012	26,185
Depreciation charge	22,649	27,770
Government Grants	(37,500)	(212,500)
(Increase)/decrease in accounts receivable	18,817	(214,907)
Increase in accounts payable	232,696	166,731
Net cash outflow from operating activities	(1,504,392)	(1,097,893)

8.16 ***Reconciliation of net cash flow to movements in net cash***

	Cash at bank and in hand £
At 1 May 2008	–
Cash flow	1,519,070
At 30 April 2009	1,519,070
Cash flow	1,311,075
At 30 April 2010	2,830,145

8.17 ***Related party transactions***

Consultancy services have been provided to the Group by directors as follows:

	Year ended 30 April 2010 £	*Year ended 30 April 2009* £	*Year ended 30 April 2008* £
Professor L Durrant	50,165	42,659	25,400
Mr. D E Evans	21,667	21,250	–
Mr. N J F Evans	12,451	8,250	6,876
Dr. R M Goodfellow	58,874	48,059	30,523
Mr. T M Rippon	2,888	–	–

At the end of the year, the following balances were due to directors:

	£	£	£
Professor L Durrant	–	–	2,500
Mr. D E Evans	41,313	6,250	–
Mr. N J F Evans	3,000	3,100	–
Dr. R M Goodfellow	6,398	6,068	2,671
Mr. T M Rippon	2,888	–	–

All related party transactions were conducted on normal commercial terms.

Professor L Durrant, Mr. N J Evans and Dr. R M Goodfellow provided their consultancy through limited companies.

In addition to the above Mr D Evans was paid commission of £13,680 for partly underwriting the placement of shares. Further underwriting commission due to shareholders has been accrued and is outstanding at the end of the year as set out below.

Calculas Capital	£25,000
Hygea VCT plc	£13,680

8.18 ***Reconciliation of Net Assets and losses under UK GAAP to IFRS***

Scancell Holdings plc reported under UK GAAP in its previously published financial statements for the year 30 April 2009. The analysis below shows the reconciliation of profit and net assets as reported under UK GAAP as at 30 April 2009 and the revised net assets and profit under IFRS as reported in these financial statements. In addition there is a reconciliation of equity under UK GAAP to IFRS at the transition date for the company being 1 May 2008.

Reconciliation of loss for year

	Year ended 30 April 2009 £
Loss for the year reported under UK GAAP	(660,031)
Adjustment for pre-acquisition results	(99,516)
Adjustments for share based payments	(26,185)
Loss for the year reported under IFRS	(785,732)

Reconciliation of shareholders' equity

	30 April 2009 £	*30 April 2008* £
Shareholders equity reported under UK GAAP	1,839,194	1,047,193
Adjustments:		
Change in accounting for business combinations		(1,047,193)
Increase in share premium	4,485,799	–
Recognition of pre-acquisition losses	3,972,749	–
Removal of merger reserve	(5,043,428)	–
Shareholders' equity reported under IFRS	5,254,314	–

8.19 ***Financial Instruments***

The numeric disclosures in this note deal with financial assets and liabilities as defined in FRS13 "Derivatives and other financial instruments".

As permitted by FRS 13, short-term debtors and creditors have been excluded from the disclosures. Certain financial assets such as investments in subsidiary companies are also excluded from the scope of these disclosures.

Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities.

Interest rate profile

The company has no financial assets other than sterling current account balances of £2,830,145 (2009: £1,519,070) which are instantly available funds attracting variable rates of interest.

Maturity of financial liabilities

All of the Company's financial liabilities as at 30 April 2010 are payable within less than one year.

Fair values

There is no material difference between the book value and the fair value of the Group's financial assets or liabilities.

Market price

Group funds are held in accounts with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

Currency exposure

Historically the Company has not used derivative instruments to hedge against possible risks arising from fluctuations in foreign currency exchange rates as the exposure is limited. If foreign currency exposure increases, the use of foreign currency hedging instruments will be reviewed as a means of reducing the effect of exchange rate fluctuations on the Group's results.

Financial instruments

Group

	30 April 2010 £	*30 April 2009* £
Financial assets		
Cash and cash equivalents	2,830,145	1,519,070
Trade and other receivables	122,636	404,590
Financial liabilities		
Trade and other payables	(399,427)	(166,731)
Company		
Financial assets		
Cash and cash equivalents	177,612	–
Trade and other receivables	11,756	24,207
Financial liabilities		
Trade and other payables	(77,145)	(15,624)

The carrying amounts are equal to the fair value therefore no impairment is required.

8.20 ***Operating lease commitments***

The following annual operating lease commitments existed at the end of the financial year:

	Land and buildings	
	2010 £	*2009* £
Within one year	–	12,596
Within one and five years	–	–

8.21 ***Contingent Assets***

Under an agreement dated 1 December 2006 Scancell Limited sold its pre-clinical pipeline of cell killing monoclonal antibodies to Peptech (UK) Limited, which was subsequently acquired by Arana Therapeutics plc, for an initial consideration of £2,000,000 with a further amount of £2,850,000 payable if certain performance criteria are achieved. Payment of this further amount is conditional on the antibodies reaching certain performance criteria within a period of five years from the date of completion of the sale. Arana Therapeutics was acquired by Cephalon Inc in August 2009.The likelihood of this further amount being received is uncertain and the financial statements do not reflect any amounts that may be due in the future.

Under an Executive Incentivisation package, three directors would be entitled to receive gross bonuses calculated at 12 per cent. in total of any additional consideration payable under this agreement, less associated costs, up to a maximum of £293,000 in aggregate.

8.22 ***Contingent liabilities***

The directors are not aware of any material potential or contingent liabilities at 30 April 2010.

8.23 ***Post Balance Sheet Event***

On 29 June 2010, the Company announced that it had reached agreement with Ichor Medical Systems Inc ("Ichor") as to the number of options to be granted to ICHOR pursuant to the License and Supply Agreement ("the Agreement") dated 13 July 2009. The Company has granted options over 796,246 ordinary shares at 45p per share, the price of the latest fundraising round. Under the terms of the Agreement, ICHOR agreed to supply its TriGrid™ electroporation device for Scancell's pre-clinical and forthcoming clinical studies with SCIB1 and gave Scancell an option to license TriGrid™ for commercial use on achievement of certain milestones and payment of royalties. In return, ICHOR was granted options to subscribe for ordinary shares in the Company. The options will vest as follows: 159,231 options vest on regulatory approval being granted to start clinical trials in the UK (which has already occurred); 318,462 options will vest on starting the first Phase II clinical trial; and 318,463 options will vest on completing the first Phase II clinical trial. Each tranche of the options may be exercised at any time in the five year period after the relevant vesting date.

8.24 ***Statement of indebtedness as at 30 April 2010***

At 30 April 2010 the Group did not have any loan capital (including term loans) outstanding or created but unissued, nor any borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges obligations under finance leases, hire purchase commitments, guarantees or other material liabilities.

Yours faithfully

CHAMPION ACCOUNTANTS LLP
Registered Auditors

PART III

SECTION B

ACCOUNTANT'S REPORT ON SCANCELL LIMITED

The Directors
Scancell Holdings plc
Fifth Floor
Carmelite
50 Victoria Embankment
Blackfriars
LONDON
EC4Y 0LS

The Directors
Zeus Capital Limited
3 Ralli Courts
West Riverside
MANCHESTER
M3 5FT

14 July 2010

Dear Sirs,

Scancell Limited ("Scancell")

1. INTRODUCTION

1.1 We report on the financial information set out below. This financial information has been prepared for inclusion in the admission document dated 14 July 2010 of Scancell Holdings plc relating to the withdrawal of the ordinary shares in Scancell Holdings plc from trading on the PLUS Market and its application for admission of the ordinary shares to trading on the AIM market of the London Stock Exchange plc.

Basis of Preparation

1.2 The financial information set out below is based on the financial statements of Scancell Limited for period from 1 May 2007 to 30 April 2010, comprising a three year period, prepared on the basis described in note 2.1. Scancell Limited became a wholly owned subsidiary of Scancell Holdings plc on 15 July 2008.

1.3 No audited accounts have been prepared for any period since 30 April 2010.

1.4 Champion Accountants LLP have acted as auditors of Scancell throughout the above period.

Responsibility

1.5 The financial statements, which form the basis of the financial information in this report, are the responsibility of the Directors and have been approved by them.

1.6 The Directors of Scancell are responsible for the contents of the admission document in which this report is included.

1.7 It is our responsibility to compile the financial information set out in our report and to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

1.8 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of the evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded as part of the annual audits. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies were appropriate to the entitiy's circumstances, consistently applied and adequately disclosed.

1.9 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

1.10 In our opinion the financial information gives, for the purpose of the admission document, a true and fair view of the profits and losses and cash flows of Scancell for the years ended 30 April 2008, 30 April 2009 and 30 April 2010 and of the state of affairs of the Company as at 30 April 2008, 30 April 2009 and 30 April 2010.

Consent

1.11 We consent to the inclusion of this report in the admission document and accept responsibility for this report for the purposes of Schedule Two of Part One of the AIM Rules for Companies.

2. ACCOUNTING POLICIES

Basis of preparation

2.1 The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. In preparing the underlying financial information the Directors have applied certain first time adoption provisions allowed by IFRS 1. These standards remain subject to ongoing amendment and/or interpretation and are therefore still subject to change. Accordingly information contained in these financial statements may need updating for subsequent amendments to IFRS required for first time adoption or for new standards issued post balance sheet date.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 3 Business Combinations (revised)
- IFRS 5 Non current assets held for sale and discontinued operations (amended)
- IAS 27 Consolidated and separate financial statements (amended)
- IAS 39 Financial instruments: recognition and measurement – eligible hedge items (amended)
- IFRIC 17 Distributions of non cash assets to owner

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

Scancell has established IFRS accounting policies for the year ended 30 April 2010 and applied these policies and the opening balance sheet at its date of transition being 1 May 2008. The impact of transition from UK GAAP to IFRS on shareholders' equity as at 30 April 2009 and on the date of

transition of 1 May 2008, and on Scancell's income statement for the year ended 30 April 2009 is outlined in note 7.14.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as intangible assets. Although these estimates are based upon management's best knowledge of the amount event or actions, actual results may ultimately differ from those estimates.

Transitional arrangements

The adoption of the provisions set out in IFRS 1 is set out below.

- Share-based payments: Scancell has applied the requirements of IFRS 2–'Share-based payments' in accordance with the transitional provisions. IFRS 2 has been applied to all grants of equity instruments that had not vested at 30 April 2009.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Going Concern

2.2 The Directors have reviewed the funding position for the forward period and considered the viability of business plans and budgets.

The Directors consider that on the basis of the funding it has received Scancell will be able to meet all of its obligations for the foreseeable future. Accordingly the Directors consider that the going concern basis is appropriate for the preparation of these financial statements.

Revenue

2.3 Revenue represents net invoiced sales of goods excluding value added tax.

Tangible fixed assets and depreciation

2.4 Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	25% per annum on reducing balance
Computer equipment	33% per annum on reducing balance

Deferred taxation

2.5 Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date, to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Research and development

2.6 Expenditure on research and development is written off in the year in which it is incurred.

An internally generated asset arising from the group's development activities is only recognised if all of the following criteria are met:

– technical feasibility of completing the intangible asset so that it will be available for sale

– intention to complete the intangible asset and use or sell it

– ability to use or sell the intangible asset

– the intangible asset will generate future economic benefit

– resources are available both technically and financially in order to complete the development.

In the case of development projects undertaken by the group, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Hire purchase and leasing commitments

2.7 Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

2.8 Foreign currency assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the profit and loss account as they arise.

Grants received

2.9 Grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate.

Cash

2.10 Cash includes cash-in-hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

Equity

2.11 Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Retained earnings include all current and prior period results as disclosed in the income statement.
- Share-based payment reserve is the corresponding entry to the expense arising from equity-settled share-based payments.

Share based payments

2.12 In accordance with IFRS 2 – 'Share based payments', a charge is made for all share -based payments including share options based upon the fair value of the instrument issued. Under IFRS 2 the charge in the Profit and Loss Account for granted share options is based upon the fair value of the options at grant date and is charges over the expected vesting period. Estimates of leaver rates are taken into account over the vesting period. A charge has been recognised for all awards granted and is charged to the same expense category as the remuneration costs for the employee to whom the share award has been made. An equivalent amount is credited to the retained profit and loss reserve in the balance sheet, with no resulting impact on net assets.

Segment reporting

2.13 A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

The directors consider that the group operated within a single business segment.

3. INCOME STATEMENTS

	Note	*Year ended 30 April 2010* £	*Year ended 30 April 2009* £	*Year ended 30 April 2008* £
Revenue		–	–	231
Cost of sales		(1,091,351)	(684,232)	(241,262)
Gross loss		(1,091,351)	(684,232)	(241,031)
Administration expenses		(474,228)	(340,558)	(268,657)
Other operating income		37,650	212,631	–
Operating loss	7.1	(1,527,929)	(812,159)	(509,688)
Interest receivable and similar income	7.3	2,427	55,913	60,649
Interest payable and similar charges		–	–	–
Loss on ordinary activities before taxation		(1,525,502)	(756,246)	(449,039)
Tax on loss on ordinary activities	7.4	65,510	184,913	43,732
Loss on ordinary activities after taxation		(1,459,992)	(571,333)	(405,307)

The above results all relate to continuing activities.

4. STATEMENT OF CHANGES IN EQUITY

	Share Capital £	*Share premium account* £	*Retained earnings* £	*Total* £
At 1 May 2007	15,060	4,681,453	(3,264,858)	1,431,655
Loss for the year	–	–	(405,307)	(405,307)
Issue of Company shares to Employment Benefit Trust and directors	4,230	418,715	–	422,945
Loan to Scancell Limited Employment Benefit Trust	–	–	(402,100)	(402,100)
At 30 April 2008	19,290	5,100,168	(4,072,265)	1,047,193
Loss for the year	–	–	(571,333)	(571,333)
At 30 April 2009	19,290	5,100,168	(4,643,598)	475,860
Loss for the year	–	–	(1,459,992)	(1,459,992)
At 30 April 2010	19,290	5,100,168	(6,103,590)	(984,132)

5. STATEMENTS OF FINANCIAL POSITION

	Note	*At 30 April 2010* £	*At 30 April 2009* £	*At 30 April 2008* £
ASSETS				
Non-current assets				
Tangible assets	7.5	131,764	82,265	86,652
		131,764	82,265	86,652
Current assets				
Trade and other receivables	7.6	110,880	380,383	51,145
Cash at bank and in hand		2,652,533	1,519,070	997,747
		2,763,413	1,899,453	1,048,892
Total Assets		2,895,177	1,981,718	1,135,544
LIABILITIES				
Current Liabilities				
Trade and other payables	7.7	(320,283)	(151,107)	(88,351)
Non-current liabilities				
Long term borrowings	7.8	(3,559,026)	(1,354,751)	–
Total Liabilities		(3,879,309)	(1,505,858)	(88,351)
NET (LIABILITIES) ASSETS		(984,132)	475,860	1,047,193
SHAREHOLDERS' EQUITY				
Called up share capital	7.9	19,290	19,290	19,290
Share premium		5,100,168	5,100,168	5,100,168
Profit and loss account		(6,103,590)	(4,643,598)	(4,072,265)
TOTAL SHAREHOLDERS' EQUITY	7.10	(984,132)	475,860	1,047,193

6. CASHFLOW STATEMENTS

	Note	*Year ended 30 April 2010* £	*Year ended 30 April 2009* £	*Year ended 30 April 2008* £
Net cash outflow from operating activities	7.11	(1,367,229)	(1,117,420)	(439,442)
Returns on investment and servicing of finance: interest received		2,427	55,913	60,649
Taxation recovered (paid)		190,367	38,962	(148,727)
Capital Expenditure: Purchase of tangible fixed assets		(72,148)	(23,383)	(516)
		(1,246,583)	(1,045,928)	(528,036)
Financing:				
Parent company loan		2,204,275	1,354,751	–
Share issue		–	–	422,945
Grants received		175,771	212,500	–
Loan to EBT to subscribe for shares		–	–	(402,100)
Increase/(decrease) in cash in the year	7.12	1,133,463	521,323	(507,191)

7. NOTES TO THE FINANCIAL INFORMATION

7.1 *Operating loss*

	Year ended 30 April 2010 £	*Year ended 30 April 2009* £	*Year ended 30 April 2008* £
Operating loss profit is stated after crediting:			
Government grants	37,500	212,500	–
Operating loss is stated after charging:			
Directors' emoluments	49,347	35,250	15,000
Auditors' remuneration	6,000	6,000	10,000
Operating lease rentals	14,056	14,056	10,763
Depreciation of tangible assets (owned)	22,649	27,770	26,983
Research and development costs	1,091,351	676,039	222,927

7.2 *Staff costs*

Directors' salaries	14,000	14,000	15,000
Wages and salaries	178,299	131,138	111,076
Social security costs	18,620	13,751	11,539
	210,919	158,889	137,615

The average number of persons employed during the year was:

	Year ended 30 April 2010 No.	*Year ended 30 April 2009* No.	*Year ended 30 April 2008* No.
Research	5	4	3
Administration	1	1	1
	6	5	4

7.3 *Interest*

	Year ended 30 April 2010 £	*Year ended 30 April 2009* £	*Year ended 30 April 2008* £
Other interest receivable and similar income:			
Bank deposit interest	2,427	55,913	60,649
	2,427	55,913	60,649

7.4 ***Taxation***

The tax credit on the loss on ordinary activities for the period was as follows:

	Year ended 30 April 2010	*Year ended 30 April 2009*	*Year ended 30 April 2008*
	£	*£*	*£*
Current tax:			
UK Corporation tax	(65,510)	(48,158)	(43,732)
Adjustment re prior years	–	(136,755)	–
	(65,510)	(184,913)	(43,732)

Factors affecting the tax charge

The tax assessed for each of the years is lower than the applicable rate of corporation tax in the UK. The difference is explained below:

	£	*£*	*£*
Loss on ordinary activities before tax	(1,525,502)	(756,246)	(449,039)
Loss on ordinary activities multiplied by the standard rate of tax in the UK (21%) (2008 – 20%)	(320,355)	(158,812)	(89,808)
Effect of:			
Disallowed expenditure	52	79	1,136
Timing differences	(11,951)	(3,138)	(1,460)
Research and development tax credits	(65,510)	(48,158)	(43,732)
Unrelieved trading losses carried forward	332,254	161,871	90,132
Adjustment re prior years	–	(136,755)	–
Current tax credit	(65,510)	(184,913)	(43,732)

A deferred tax asset has not been recognised in the financial statements in respect of losses carried forward against future profits to the extent that Scancell does not anticipate sufficient taxable profits are likely to arise in the immediate future to utilise these losses.

	£	*£*	*£*
Approximate losses available to carry forward	4,000,000	2,700,000	2,000,000
Estimate deferred tax asset not recognised	840,000	567,000	400,000

7.5 ***Tangible fixed assets***

	Plant and machinery £	*Computer equipment* £	*Total* £
Cost			
At 1 May 2007	238,587	14,525	253,112
Additions	401	115	516
Disposals	–	–	–
At 30 April 2008	238,988	14,640	253,628
Additions	22,408	975	23,383
Disposals	–	–	–
At 30 April 2009	261,396	15,615	277,011
Additions	71,699	449	72,148
Disposals	–	–	–
At 30 April 2010	333,095	16,064	349,159

	Plant and machinery £	*Computer equipment* £	*Total* £
Depreciation			
At 1 May 2007	128,665	11,328	139,993
Charge for the year	25,970	1,013	26,983
Eliminated on disposals	–	–	–
At 30 April 2008	154,635	12,341	166,976
Charge for the year	26,690	1,080	27,770
Eliminated on disposals	–	–	–
At 30 April 2009	181,325	13,421	194,746
Charge for the period	22,141	508	22,649
Eliminated on disposals	–	–	–
At 30 April 2010	203,466	13,929	217,395
Net book value			
At 30 April 2008	84,353	2,299	86,652
At 30 April 2009	80,071	2,194	82,265
At 30 April 2010	129,629	2,135	131,764

7.6 ***Trade and other receivables***

	Year ended 30 April 2010 £	*Year ended 30 April 2009* £	*Year ended 30 April 2008* £
Trade debtors	–	8	8
Other debtors	–	138,721	722
Corporation tax	64,817	189,683	43,732
VAT	43,046	49,980	3,999
Prepayments	3,017	2,441	2,684
	110,880	380,833	51,145

7.7 ***Trade and other payables***

	£	£	£
Trade creditors	301,164	77,971	32,344
Other creditors and accrued expenses	19,119	68,554	52,579
Taxation and social security	–	4,582	3,428
	320,283	151,107	88,351

7.8 ***Long term borrowings***

	£	£	£
Amounts due to holding company	3,559,026	1,354,751	–

7.9 ***Share capital***

Authorised	*No.*	*No.*	*No.*
1p ordinary shares	1,872,421	1,872,421	1,872,421
2p ordinary shares	28,341	28,341	28,341
	1,900,762	1,900,762	1,900,762

Allotted, called up and fully paid	£	£	£
1p ordinary shares	18,723	18,723	18,723
2p ordinary shares	567	567	567
	19,290	19,290	19,290

On 19 July 2007, the Scancell Limited Employee Benefit Trust 2007, jointly with the executive directors Mr. N J F Evans, Professor L G Durrant and Dr. R M Goodfellow, subscribed for a total of 422,945 1p ordinary shares at a premium of 99 pence per share. The consideration of £422,945 was partly financed by a loan of £402,100 from Scancell to the Employee Benefit Trust.

Share options and Share based payments

Scancell has granted options to members of staff in the shares of the holding company, Scancell Holdings plc and these are disclosed in the Accountants Report for that company.

7.10 ***Reserves***

The movement in reserves over the period is detailed in the Statement of Changes in Equity in Section 4 of this report.

7.11 ***Net cash outflow from operations***

	Year ended 30 April 2010 £	*Year ended 30 April 2009* £	*Year ended 30 April 2008* £
Operating loss	(1,527,929)	(812,159)	(509,688)
Depreciation charge	22,649	27,770	26,983
Government Grants	(37,500)	(212,500)	–
(Increase)/decrease in accounts receivable	6,366	(183,287)	12,394
Increase in amounts payable	169,185	62,756	30,869
Net cash outflow from operating activities	(1,367,229)	(1,117,420)	(439,442)

7.12 ***Reconciliation of net cash flow to movements in net cash***

	Cash at bank and in hand £
At 1 May 2007	1,504,938
Cash flow	(507,191)
At 30 April 2008	997,747
Cash flow	521,323
At 30 April 2009	1,519,070
Cash flow	1,133,463
At 30 April 2010	2,652,533

7.13 ***Related party transactions***

Related party transactions are disclosed in the Accountants Report for Scancell Holdings plc.

7.14 ***Reconciliation of Net Assets and losses under UK GAAP to IFRS***

Scancell Limited reported under UK GAAP in its previously published financial statements for the years ended 30 April 2008 and 30 April 2009. The analysis below shows the reconciliation of profit and net assets as reported under UK GAAP as at 30 April 2008 and 30 April 2009 and the revised net assets and profit under IFRS as reported in these financial statements. In addition there is a reconciliation of equity under UK GAAP to IFRS at the transition date for Scancell being 1 May 2008.

Reconciliation of loss for year

	Year ended 30 April 2009 £	*Year ended 30 April 2008* £
Loss for the year reported under UK GAAP	(571,333)	(405,307)
Adjustments	–	–
Loss for the year reported under IFRS	(571,333)	(405,307)

Reconciliation of shareholders' equity

	30 April 2009 £	*30 April 2008* £
Shareholders equity reported under UK GAAP	475,860	1,047,093
Adjustments	–	–
Shareholders' equity reported under IFRS	475,860	1,047,093

7.15 ***Financial Instruments***

Disclosures in respect of Derivatives and other financial instruments are contained in the Accountants Report for Scancell Holdings plc.

	30 April 2010 £	*30 April 2009* £	*30 April 2008* £
Financial instruments			
Financial assets			
Cash and cash equivalents	2,652,533	1,519,070	997,747
Trade and other receivables	110,880	380,383	51,145
Financial liabilities			
Trade and other payables	(320,283)	(151,107)	(88,351)

The carrying amounts are equal to the fair value therefore no impairment is required.

7.16 ***Operating lease commitments***

The following annual operating lease commitments existed at the end of the financial year:

	Land and buildings		
	2010 £	*2009* £	*2008* £
Within one year	–	12,596	–
Within one and five years	–	–	12,596

7.17 ***Contingent Assets***

Under an agreement dated 1 December 2006 Scancell sold its pre-clinical pipeline of cell killing monoclonal antibodies to Peptech (UK) Limited, which was subsequently acquired by Arana Therapeutics plc, for an initial consideration of £2,000,000 with a further amount of £2,850,000 payable if certain performance criteria are achieved. Payment of this further amount is conditional on the antibodies reaching certain performance criteria within a period of five years from the date of completion of the sale. Arana Therapeutics was acquired by Cephalon Inc in August 2009.The likelihood of this further amount being received is uncertain and the financial statements do not reflect any amounts that may be due in the future.

Under an Executive Incentivisation package, three directors would be entitled to receive gross bonuses calculated at 12 per cent. in total of any additional consideration payable under this agreement, less associated costs, up to a maximum of £293,000 in aggregate.

7.18 ***Contingent liabilities***

The directors are not aware of any material potential or contingent liabilities at 30 April 2010.

7.19 ***Statement of indebtedness as at 30 April 2010***

At 30 April 2010 Scancell did not have any loan capital (including term loans) outstanding or created but unissued, nor any borrowings or indebtedness in the nature of borrowings (other than amounts owed to the holding company Scancell Holdings plc), including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges obligations under finance leases, hire purchase commitments, guarantees or other material liabilities.

Yours faithfully

CHAMPION ACCOUNTANTS LLP
Registered Auditors

PART IV

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear on page 6 of this document, and the Company, accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors and the Company, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Group

2.1 The Company was incorporated and registered in England and Wales on 14 April 2008 under the Companies Act 1985 as a public company limited by shares and with registration number 06564638. The Company's certificate to commence business was issued on 24 June 2008. The Company's entire issued share capital was admitted to trading on PLUS on 24 September 2008.

2.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.

2.3 The Company's registered office is at Fifth Floor, Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0LS and its principal place of business is at City Hospital, Hucknall Road, Nottingham NG5 1PB. The telephone number at the Company's principal place of business is 0115 823 1863.

2.4 The principal activity of the Company is that of a holding company and the business of the Group is focused on the cancer therapeutics market.

2.5 The Company's trading subsidiary is registered in England and Wales and its details are as follows:

Company	*Activity*	*Ownership*
Scancell Limited	Cancer Therapeutics	100%

The Company has no other subsidiary and there are no other undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profit and losses.

3. Share Capital

3.1 On incorporation the authorised share capital of the Company was £160,000 divided into 15,773,272 Ordinary Shares of 1p each and 113,364 ordinary shares of 2p each. By resolutions dated 19 June 2008, all the ordinary shares of 2p each in the capital of the Company were subdivided and converted into ordinary shares of 1p each and the authorised share capital of the Company was then increased to £200,000 divided into 20,000,000 ordinary shares of 1p each ranking *pari passu* in all respects.

3.2 On 3 June 2008, the Company issued 6,267,500 ordinary shares of 1p each at par on the basis of 4 shares for every one share held in Scancell Limited as part of the acquisition of Scancell Limited.

3.3 On 15 July 2008 the Company issued 1,335,548 ordinary shares of 1p each at par on the basis of 4 shares for every one share held in Scancell Limited, in accordance with the drag along provisions. Following this transfer the acquisition of Scancell Limited by Scancell Holdings plc was complete.

3.4 On 24 September 2008, the Company was listed on PLUS and 2,599,170 Ordinary Shares of 1p each were issued for cash at 60p per share.

3.5 On 19 December 2008 the Company issued 73,333 new ordinary shares of 1p each in lieu of advisory fees relating to the admission of the Company onto the PLUS-quoted market at a price of 60p per share.

3.6 On 30 March 2010, the Company issued 5,137,775 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to an open offer and placing.

3.7 On 14 April 2010, the Company issued 460,000 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to a placing.

3.8 On 10 May 2010, the Company issued 53,333 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to a placing related to satisfying advisory fees.

3.9 Since incorporation the Company has granted options over 1,837,452 Ordinary Shares (none of which have lapsed) further details of which are set out in paragraph 4 of this Part IV.

3.10 Save for the options referred to in paragraph 3.9 of this Part IV and as otherwise set out in this document, the Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities, exchangeable securities or securities with warrants issued or proposed to be issued by the Company.

3.11 At the annual general meeting of the Company held on 24 November 2009 the Company passed a resolution dis-applying the statutory pre-emption rights in respect of allotment of equity securities which are, or are to be, paid up in cash (other than by way of allotment to employees under an employee share scheme) up to a nominal value of £5,138. Such authority is valid until the Company's annual general meeting in 2010 or 24 February 2011, whichever is the earlier. At the date of this document £5,133 of such authority has been taken up.

3.12 The provisions of section 570 of the Act, which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash (other than by way of allotment to employees under an employees' share scheme), will apply to further allotments of equity securities to which that section applies to the extent not disapplied or taken up as described in paragraph 3.11 above.

3.13 The Company's share capital as at 30 April 2010 (being the latest audited balance sheet date) was as follows:

Number of Ordinary Shares authorised	20,000,000
Number of Ordinary Shares issued fully paid	15,873,326
Par value of Ordinary Shares	1p
Total issued Ordinary Share capital	£158,733

The movements in the Company's Share capital since 30 April 2009 have been:

Ordinary Shares in issue at 30 April 2009	10,275,551
Ordinary Shares issued between 30 April 2009 and 30 April 2010	5,597,775
Ordinary Shares in issue at 30 April 2010	15,873,326
Ordinary Shares issued since 30 April 2010	53,333
Ordinary Shares in issue at the date of this document and as expected to be in issue after Admission	15,926,659

4. Share Options

4.1 ***Directors***

David Evans holds options over 304,000 Ordinary Shares held in return for performance of services by him as a Director and Chairman of the Company (further details of these options are set out in paragraph 7 below).

Professor Lindy Durrant holds options over 385,000 Ordinary Shares held in return for performance of services by her as a Director and CEO of the Company (further details of these options are set out in paragraph 7 below).

Dr. Richard Goodfellow holds options over 288,000 Ordinary Shares held in return for performance of services by him as a Director of the Company (further details of these options are set out in paragraph 7 below).

4.2 ***Ichor***

Under the Agreement with Ichor Medical Systems Inc. referred to in paragraph 10.2 of this Part IV, Ichor was granted options to subscribe for a total of 796,156 Ordinary Shares as stated in that paragraph.

4.3 ***Others***

In addition to the options noted above, the Company has granted options over the issued ordinary share capital of the Company to various other persons. The share options that have been granted are as follows:

Date Granted	*Exercise Price*	*Number of Ordinary Shares under option*
April 2009	25p	5,864
December 2008	50p	29,000
January 2009	60p	14,500
April 2009	94p	2,932
December 2008	£3.125	12,000
Total		64,296

5. Major Shareholders

5.1 Insofar as has been notified to the Company, and in addition to the holdings of the Directors disclosed in paragraph 7 of this Part IV, the following persons hold, as at the date of this document, and are expected (based on the information available as at the date of this document), following Admission, to hold directly or indirectly 3 per cent. or more of the Existing Share Capital:

Shareholder	*Number of Ordinary Shares*	*Percentage of Ordinary Share Capital*
HSBC Global Custody Nominee (UK) Limited	1,527,778	9.59%
Hygea VCT plc	1,483,973	9.32%
Oxford Technology Management Limited#	1,275,922	8.01%
Newedge Group SA	1,034,194	6.49%
Share Nominees Limited	974,468	6.12%
Jack Helfenstein	885,400	5.56%
Theo Walthie	509,988	3.20%

Oxford Technology Management Limited does not hold these Ordinary Shares directly but is the manager for the Oxford Technology VCT plc which holds 833,330 Ordinary Shares and Oxford Technology 3 VCT plc which holds 442,592 Ordinary Shares.

5.2 None of the holders of Ordinary Shares listed above has voting rights different from the other holders of Ordinary Shares.

5.3 Save as disclosed in this paragraph 5 and in paragraph 7 of this Part IV, neither the Company nor the Directors are aware of any person or persons who either alone or, if connected, jointly following the Acquisition will (directly or indirectly) exercise or could exercise control over the Company.

5.4 Insofar as is known to the Company, no arrangements are in place, the operation of which may at a later date result in a change of control of the Company.

6. Memorandum and Articles of Association

6.1 ***Memorandum of Association***

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a general commercial company.

6.2 ***Articles of Association***

(a) *Voting Rights*

At general meetings of the Company on a show of hands every Shareholder who is present in person or by proxy shall have one vote and on a poll every Shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder.

(b) *Variation of Rights attaching to Shares*

The special rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class, or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up.

(c) *Purchase of Own Shares*

Subject to the requirements of the Act the Company may purchase any shares in the capital of the Company with the prior authority of a Special Resolution and with the prior sanction, of the holder or holders of any class of shares in the capital of the Company convertible into shares of another class.

(d) *Alteration of Capital*

The Company may from time to time by Ordinary Resolution: (a) increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe; (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (c) cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person and reduce the amount of its authorised capital by the amount of the shares so cancelled; (d) sub-divide its shares or any of them into shares of smaller amount and attach varying rights to the shares resulting from such sub-division.

The Company may by Special Resolution reduce its share capital or any Capital Redemption Reserve or Share Premium Account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law save that no purchase by the Company of its own shares will take place other than in accordance with the Articles governing such powers.

(e) *Transfer of Shares*

Any Shareholder may transfer all or any of their Shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be signed by or on behalf of the transferor and in the case of a transfer of partly paid shares shall be signed

by both the transferor and the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Shareholders in respect thereof provided that the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do.

The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register:

(a) any transfer of shares which are not fully paid shares provided that the Board shall not refuse to register any transfer or renunciation of partly paid shares which are listed or quoted on any recognised investment exchange within the meaning of section 285 Financial Services and Markets Act 2000 on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis;

(b) any transfer of shares on which the Company has a lien;

(c) any transfer which does not comply with the Company's Articles;

The Directors may decline to register any transfer of shares, whether fully or partly paid unless:

(a) the instrument of transfer duly executed and stamped (if required) is deposited at the Registered Office of the Company accompanied by the certificate for the shares in question;

(b) the instrument of transfer is in respect of only one class of share; and

(c) in the case of a transfer to joint holders, the number of joint holders does not exceed four.

(f) *Dividends and Other Distributions*

Subject to the provisions of the Act the Company may by ordinary resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be declared or paid except out of the profits of the Company or in excess of the amount recommended by the Directors.

Unless and to the extent that the special rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid according to the amounts of capital paid on the shares in respect whereof the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid, save that if any share is issued on terms providing that it shall rank for dividend in whole or in part as from a particular date, such share shall rank for dividend accordingly.

The Company may by Ordinary Resolution direct or offer payment of a dividend or a series of dividends in respect of a specified period in whole or in part by the issue or distribution of specific assets (and in particular of paid-up shares or debentures of any other company) or in any one or more of such ways and the Directors shall give effect to such resolution.

The Directors may with the sanction of an Ordinary Resolution of the Company offer the holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, in whole or in part instead of cash in respect of such dividend or dividends or parts thereof as are specified by such resolution.

In a winding-up, the liquidator may, with the sanction of a Special Resolution and subject to insolvency legislation, divide among the Shareholders *in specie* or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he

deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders.

(g) *Directors*

Unless otherwise resolved by ordinary resolution of the Company the number of Directors shall not be less than two. There is no maximum number of Directors. A Director shall not be required to hold any shares by way of qualification.

At each Annual General Meeting there shall retire from office by rotation every Director who was elected or last re-elected at or before the annual general meeting held in the third calendar year preceding that Annual General Meeting.

A Director shall not vote upon any resolution of the Directors concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof or the termination thereof) nor shall he vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest other than through his holding of shares, debentures or other securities of the Company or otherwise through the Company (and if he shall do so his vote shall not be counted) nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but (subject to the provisions of the Statutes and to his not having some other material interest) this Article shall not apply to any of the following matters, namely:

(a) Any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any of its subsidiary undertakings;

(b) Any arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase by Shareholders or any holders of any securities of the Company or by the public or any section of the public in which offer he is or is to be interested as a subscriber or as a participant in the underwriting or sub-underwriting thereof;

(d) Any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever, Provided That he is not interested in one per cent. or more of the equity share capital of such company within the meaning of Article 94.3 of the Articles of Association of the Company;

(e) Any such pension scheme or fund as is referred to in Article 78 of the Articles of Association which relates both to Directors and to employees or a class of employees and does not accord to any Director as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates;

(f) Any contract, arrangement, transaction or proposal concerning the adoption, modification or operation of any scheme which provides for persons employed by the Company and its subsidiary undertakings (including Directors holding executive positions with the Company or any of its subsidiary undertakings) to acquire shares in the capital of the Company and does not accord to any Director as such any privilege or advantage not generally accorded to other participating employees;

(g) Any proposal concerning any insurance in respect or for the benefit of any person or persons who is or are or include Directors of the Company, being insurance of the kind referred to in Article 151 of the Articles of Association of the Company or any other insurance which the Company has power to arrange and maintain;

(h) Any other proposal for the benefit of employees of the Company or any subsidiary of the Company under which a Director benefits in a similar manner as the employees and which does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom such proposal relates.

The ordinary remuneration of the Directors for their services as such shall be such sum as the Directors or any committee of the Directors empowered in that behalf shall determine but shall not exceed in aggregate the sum of £250,000 per annum or such higher sum as is from time to time determined by the Company in general meeting. No Director may vote or be counted in a quorum for the purposes of determining his own remuneration.

Any Director who is appointed to any executive office pursuant to the Articles (including for avoidance of doubt the office of Chairman or Deputy Chairman whether or not such office is held in an executive capacity) or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid (in addition to any other remuneration to which he may be entitled) such remuneration by way of salary, per cent.age of profits or otherwise as the Directors or any committee of the Directors empowered in that behalf in their sole discretion may determine.

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in the business of the Company and in the performance of his duties as a Director.

(h) *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party provided that such borrowing may not without prior shareholder approval exceed in aggregate £1,000,000.

(i) *Overseas Shareholders*

A Shareholder who (having no registered address within the United Kingdom) has not supplied to the Company an address within the United Kingdom for the service of notices shall not be entitled to receive notices from the Company.

(j) *General Meetings*

Annual General Meetings are to be held in each period of six months beginning with the day following the accounting reference date of the Company (or otherwise permitted by law) at such time and place as may be determined by the Directors.

The Directors may whenever they think fit, and shall on a Shareholder's requisition in accordance with the Act or other legislation, convene a general meeting.

An Annual General Meeting may be called by not less than twenty-one clear days' notice in writing and any other General Meeting by not less than fourteen clear days' notice in writing given to all Shareholders on the Register of Shareholders at the date of issue of such notice other than those who are not entitled to receive such notices from the Company, provided that:

(i) the accidental omission to give notice to, or the non-receipt of notice by, any person entitled thereto shall not invalidate the proceedings at any General Meeting;

(ii) Any Shareholder present (in person or by proxy) at any meeting shall be deemed to have received due notice of that meeting and of the purposes for which it was convened.

Notwithstanding that it has been called by a shorter notice than that specified above a General Meeting shall be deemed to have been duly called if it is so agreed (in the case of an Annual General Meeting) by all the members entitled to attend and vote and (in the case of any other General Meeting) by a majority in number of such members together holding at least 95 per cent. in nominal value of the shares giving that entitlement.

7. Directors' Interests

7.1 The interests of the Directors in the issued ordinary share capital of the Company (excluding the options referred to in paragraph 7.2 of this Part IV), and the interests of each Director's family (which shall bear the meaning given to it as set out in the AIM Rules) required to be notified to the Company pursuant to Rule 17 of the AIM Rules and the existence of which is known or which could, with reasonable diligence, be ascertained by a Director are, and following Admission will be, as follows:

Director	*Number of Ordinary Shares*	*Percentage of Ordinary Share Capital*
David Evans	510,000	3.20%
Professor Lindy Durrant#	1,048,365	6.58%
Dr. Richard Goodfellow#	664,384	4.17%
Nigel Evans#	470,000	2.95%
Michael Rippon	250,416	1.57%
Dr. Matthew Frohn	–	–

In the table above, the number of Ordinary Shares held by three of the Directors includes their interests in joint ownership shares. Professor Lindy Durrant has an interest in 887,396 joint ownership shares, Dr. Richard Goodfellow in 644,384 joint ownership shares and Nigel Evans in 160,000 joint ownership shares. Whilst the shares are held in joint names the dividends on them are waived and the voting rights are not able to be exercised.

The following applies in respect of the joint ownership shares. The Company established an employee benefit trust by deed dated 17 July 2007 under which Laytons Trustee Company Limited ("the Trustee") was appointed as the Trustee. On 19 July 2007 the Trustee and each relevant director subscribed jointly for ordinary shares in the capital of Scancell Limited at the price of £1 per share, which was subscribed as to 95p by the Trustee and 5p by the relevant director; Scancell lent to the Trustee the subscription monies payable by it and all the Subscription monies were paid up in full in cash upon subscription. Upon the acquisition of Scancell by the Company the shares so jointly held were exchanged for shares in the Company on the basis generally applied of four shares in the Company for every one share in Scancell and those amounts per share therefore equate to 23.75p and 1.25p per share respectively. The shares are held under agreements regulating the rights and interests of the parties.

On any sale of the shares after the director's interest has vested the Trustee will receive the first 23.75p per share of the proceeds increased by 5 per cent. per annum from the date of the relevant joint ownership agreement and the relevant director will receive the balance of the proceeds. Whilst the shares are held in joint names the dividends upon them are waived and the voting rights are not to be exercised. L.G. Durrant holds with the Trustee 287,396 shares under an agreement entitling her to call for their transfer to her at any time up to 31 December 2011 and a further 200,000 shares entitling her to call for their transfer to her at any time up to 31 December 2015; these shares are fully vested. She also holds with the Trustee a further 400,000 shares which have not vested. R.M. Goodfellow holds with the Trustee 204,384 shares under an agreement entitling him to call for their transfer to him at any time up to 31 December 2011 and a further 40,000 shares entitling him to call for their transfer to him at any time up to 31 December 2015; these shares are fully vested. He also holds with the Trustee a further 400,000 shares which have not vested. N.J.F. Evans holds 80,000 shares under an agreement entitling him to call for their transfer to him up to 31 December 2011 and a further 80,000 shares which have not vested. In each case, the shares which have not vested may vest at any time up to 31 December 2015 either upon a sale of the issued share capital of the Company at a price at least £15 million or upon the value of the issued share capital of the Company upon a stock exchange exceeding £25 million for at least ninety consecutive days. Otherwise the shares will vest as to one quarter each upon the achievement of four stated milestones. The shares will not vest if before their vesting the relevant director has ceased to be engaged by the Group by reason of voluntary termination by him or termination by reason of his gross misconduct.

7.2 The following Directors have been granted options over Ordinary Shares as part payment for their services:

Director	*Date of grant*	*Expiry date*	*Exercise Price*	*No. of Ordinary Shares under Option*
David Evans*	2.12.2008	2.12.2018	60p	304,000
Professor Lindy Durrant*	14.7.2010	31.12.2015	45p	385,000
Dr. Richard Goodfellow*	14.7.2010	31.12.2015	45p	288,000

* The share options granted to David Evans, Professor Lindy Durrant and Dr. Richard Goodfellow vest and become exercisable based on the net exit value achieved on the sale of the Company. The numbers shown in the table above are the maximum number of share options that could vest and be exercisable by Mr. Evans, Professor Durrant and Dr. Goodfellow and would require the Company to be sold for a net exit value of over £25 million.

7.3 In respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

7.4 Save as set out in this document, there are no outstanding loans granted by any member of the Group to the Directors or any guarantees provided by any member of the Group for the benefit of the Directors.

7.5 Save as set out in this document, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant in respect of the business of the Company and which was effected by any member of the Group during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

7.6 None of the Directors nor any member of a Director's family (as defined in the AIM Rules) has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

8. Directors' Terms of Appointment

8.1 The Company and/or Scancell has entered into the following agreements with the Directors:

8.1.1 a letter of appointment dated 16 December 2008, from the Company to (1) MBA Consultancy and (2) David Evans setting out the terms of David Evans' appointment as a non-executive director of the Company. The appointment is for an initial period of four years and may be terminated by either party serving at least 6 months' written notice on the other, expiring at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a material or persistent breach by the director. A monthly fee of £1,250 is payable to MBA Consultancy;

8.1.2 a service agreement with Professor Lindy Durrant dated 11 December 2006 (and letter of amendment dated 26 August 2008), between Scancell Limited (1) and Professor Lindy Durrant (2) pursuant to which Professor Lindy Durrant was appointed as the Chief Executive of Scancell Limited. The agreement may be terminated by either party serving at least twelve months' written notice (or such longer period as is required by statute) on the other. The basic annual salary payable to Professor Lindy Durrant is £5,000 per annum to be reviewed from time to time (without any obligation to increase the same). No other benefits are payable under the agreement;

8.1.3 a service agreement with Dr. Richard Goodfellow dated 5 April 2006 (and letter of amendment dated 26 August 2008), between Scancell Limited (1) and Dr. Richard Goodfellow (2) pursuant to which Richard Goodfellow was appointed Director of Scancell Limited. The agreement may be terminated by either party serving at least twelve months' notice (or such longer period as is required by statute) on the other. The basic annual salary payable to Dr. Richard Goodfellow is £5,000 per annum to be reviewed from time to time (without any obligation to increase the same). No other benefits are payable under the agreement;

8.1.4 Both Professor Lindy Durrant, and Dr. Richard Goodfellow (the "Executive Directors") are engaged by the Company under consultancy agreements providing for the provision of their services to the Company. The consultant may engage in activities other than services to the Company but must not be engaged with third parties in any activities involving the discovery and development of immunobodies for the treatment of cancer; in the case of Lindy Durrant, this excludes her work as a university professor. The agreements provide for consultancy fees of £55,000 per annum reviewable annually for Lindy Durrant and Richard Goodfellow. Each of the Executive Directors has also signed an appropriate non-compete contract;

8.1.5 a service agreement with Mr. Nigel Evans dated 5 April 2006 (and letter of amendment dated 26 August 2008), between Scancell Limited (1) and Mr. Nigel Evans (2) pursuant to which Nigel Evans was appointed Director of Scancell Limited. The agreement may be terminated by either party serving at least twelve months' notice (or such longer period as is required by statute) on the other. The basic annual salary payable to Mr. Nigel Evans is £5,000 per annum to be reviewed from time to time (without any obligation to increase the same). No other benefits are payable under the agreement;

8.1.6 a consultancy agreement dated 31 March 2004 (as amended by agreement dated 26 August 2008) with Applegarth Consultants Limited providing for the provision of services by Nigel Evans ("the Consultant") to Scancell Limited. The Consultant may engage in activities other than services to the Company but must not be engaged with third parties in any activities involving the discovery and development of immunobodies for the treatment of cancer. The agreement provides for consultancy fees of £8,000 per annum;

8.1.7 a letter of appointment from the Company to Dr. Matthew Frohn dated 26 August 2008 pursuant to which Dr. Matthew Frohn was appointed Director of the Company. The letter of appointment may be terminated by either party serving at least three months' notice on the other. A fee of £5,000 per annum is payable to Dr. Frohn to be reviewed annually by the board of Directors;

8.1.8 a letter of appointment from the Company to Mr. Thomas Rippon dated 26 August 2008 pursuant to which Mr. Thomas Rippon was appointed Director of the Company. The letter of appointment may be terminated by either party serving at least three months' notice on the other. A fee of £5,000 per annum is payable to Mr. Thomas Rippon to be reviewed annually by the board of Directors.

8.1.9 Under an Executive Incentivisation package agreed by the Board in June 2006, Professor Lindy Durrant, Dr Richard Goodfellow and Nigel Evans are entitled to receive gross bonuses to be calculated as a percentage of any contingent net consideration that may be received from Peptech (UK) Limited (now Arana Therapeutics) in relation to the sale of the Company's preclinical pipeline of cell killing monoclonal antibodies, which was completed in December 2006.

The consideration for the sale was a cash payment of £2 million, which was paid on completion of the sale, plus a possible further sum of £2.85 million which is payable contingently upon clinical trials commencing on or before 1 December 2011 of a drug directly or indirectly derived from any of the antibodies which were the subject of the sale. Such trials have not yet commenced and there is no guarantee that they will commence in time to satisfy the contingency; it therefore cannot be assumed that the contingent consideration will be paid.

If the contingent consideration is paid, Professor Durrant will receive a gross bonus of 5 per cent. of any additional net consideration received up to a maximum of £142,500, Dr Goodfellow will receive a gross bonus of 5 per cent. of any additional net consideration received up to a maximum of £142,500 and Mr Evans will receive a gross bonus of 2 per cent. of any additional net consideration received up to a maximum of £8,000.

8.2 Save as set out in paragraph 8.1 of this Part IV there are no existing or proposed service contracts or consultancy agreements between any of the Directors and the Company or any member of the Group. None of the arrangements referred to in paragraph 8.1 of this Part IV contains a right to benefits upon termination (other than those during the notice period under the relevant contract).

8.3 The rights under the Joint Ownership Share Scheme disclosed in paragraph 7.1 of this Part IV and the share option grants disclosed in paragraph 7.2 of this Part IV are in addition to and not instead of the remuneration packages disclosed above. The Directors have not received and are not entitled to receive any Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.

8.4 Other than as disclosed in this paragraph 8 no member of the Group is party to any service contract with any of the Company's directors which provides for benefits on the termination of any such contract.

8.5 No sums have been set aside or accrued by any member of the Group to provide pension, retirement or similar benefits for the Directors.

8.6 There is no arrangement under which any Director has waived or agreed to waive future emoluments.

8.7 The report and accounts for the year ended 30 April 2010 records the total aggregate remuneration paid, including consulting fees, and benefits-in-kind granted to the Directors as £170,836.

9. Additional Information on the Directors

9.1 Other than directorships of the Company, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Name	*Current*	*Past*
David Eric Evans	Immunodiagnostic Systems Limited Immunodiagnostic Systems Holdings Plc Omega Diagnostics Group Plc Epistem Holdings Plc EKF Diagnostics Holdings Plc Onyx Research Chemicals Limited Scancell Limited Scancell Holdings Plc St. Andrews Golf Art Limited Marine Biotech Limited Momentum Bioscience Limited BgenuineTec, Inc.	Omega Diagnostics Limited Storyland Limited BBI Holdings Plc Microtest Matrices Limited Platform Diagnostics Limited Chromogenex Limited Epistem Limited Physiomics Plc Storyland Group Plc DXS Limited Electro-Medical Limited DXS EBT Company Limited Quotient Diagnostics Limited CY Realisations Limited (dissolved 29 October 2009) Haptogen Limited Nestech Limited Scottish Enterprise Tayside Vindon Healthcare Plc Scipac Limited
Professor Linda Gillian Durrant	Durrantis Limited	
Dr. Richard Morley Goodfellow	Goodfellow Healthcare Limited	
Nigel James Forrester Evans	Applegarth Consultants Limited Biocontrol Limited	

Name	*Current*	*Past*
Thomas Michael Rippon	The Lincolnshire and Nottinghamshire Air Ambulance Charitable Trust	CFSP Consultancy Limited
Matthew Gerard Winston Frohn	Oxford Technology Management Limited Orthogem Limited Base4 Innovation Limited Organox Limited Microvisk Limited Crysalin Limited	Oxis Energy Limited Immunobiology Limited Quinetiq Commerce Decisions Limited Bioanalab Limited

9.2 David Evans was a director of Lineplan Limited, a company which went into creditors' voluntary liquidation on 18 May 2000. The directors' statement of affairs dated 18 May 2000 showed a creditor shortfall of £72,680. David Evans was not the subject of public criticism by the liquidator in connection with the liquidation.

9.3 David Evans was a director of CY Realisations Limited, a company which went into creditors' voluntary liquidation on 11 April 2003. The directors' statement of affairs dated 11 April 2003 showed a creditor shortfall of £237,254 and advised that there would be sufficient funds to pay preferential creditors in full but that any funds available for unsecured creditors would be dependent on the receipt of deferred income. David Evans was not the subject of public criticism at the creditors' meeting in connection with the liquidation.

9.4 Save as disclosed in this document, none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) been subject to any bankruptcies or individual voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months preceding such events;

(f) been publicly criticised by any statutory or regulatory authorities (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

10. Material Contracts

10.1 The following contracts (a) have been entered into by the Group within the two years immediately preceding the date of this document, not being contracts entered into in the ordinary course of business; or (b) are, or may be, contracts entered into by the Group which are material or contain, or may contain, provisions under which any member of the Group has an obligation or entitlement which is material to the Group as at the date of this document:

10.2 Under a License and Supply Agreement dated 13 July 2009, made between Scancell (1), the Company (2) and Ichor Medical Systems Inc (3), Scancell was granted a licence, under Ichor's intellectual property relating to its TriGrid™ electroporation device, for the development, manufacture and commercialisation of Scancell's Immunobody vaccines delivered by Ichor's device.

In part consideration for the grant of this licence Ichor was granted an option to subscribe for Ordinary Shares in the capital of the Company in three tranches, each exerciseable in whole or in part at any time within five years from achievement by the Company of a milestone relating to clinical trials in the field of the treatment of melanoma in humans. Following completion of the Open Offer to Shareholders in April 2010, Ichor's options are to subscribe for a total of 796,156 Ordinary Shares at a subscription price of 45p per share. The options are exerciseable in respect of one fifth of the total for the first tranche and two fifths of the total for each of the second and third tranches.

10.3 A Clinical Service Agreement dated 13 November 2009 between Scancell Limited and PharmaNet A.G. for a study of phase I/II trial of SCIB1. The total project budget is £1,118,305 payable by agreed milestone and other payments during the period to July 2012.

10.4 Under the terms of an underwriting agreement dated 5 March 2010 made between (1) the Company and (2) David Evans, Hygea VCT plc, Helium Special Situations Fund Limited and Calculus Capital Limited (together the "Underwriters"), the Underwriters agreed that they would subscribe for all of the new ordinary shares to be issued, pursuant to the open offer to shareholders launched on 5 March 2010, that were not subscribed and paid for by qualifying shareholders, excluding the 333,333 Open Offer Shares which were placed with third parties. In consideration of the undertakings by the Underwriters the Company paid them an underwriting fee of £52,360 in aggregate.

10.5 an agreement dated 14 July 2010, made between (1) the Company and (2) Zeus Capital, whereby Zeus Capital agreed to act as Nominated Adviser to the Company for an annual fee of £20,000 plus VAT (together with out of pocket expenses). The agreement is subject to termination on 3 months' notice by either party at any time after the initial 12 month period.

10.6 an agreement dated 14 July 2010, made between (1) the Company and (2) Zeus Capital, whereby Zeus Capital agreed to act as broker to the Company. The agreement is subject to termination on 3 months' notice by either party at any time after the initial 12 month period.

11. United Kingdom Taxation

The following paragraphs, which are based on current legislation, summarise the position of shareholders who are resident and/or ordinarily resident in the UK for taxation purposes and who hold their shares as an investment.

11.1 ***Taxation of dividends***

No tax will be withheld by the Company when it pays a dividend.

A UK resident individual shareholder who receives a dividend from the Company will be entitled to a tax credit, currently at the rate of 1/9th of the cash dividend paid (or 10 per cent. of the aggregate of the net dividend and related tax credit). The individual is treated as receiving for tax purposes gross income equal to the cash dividend plus the tax credit. The tax credit is set against the individual's tax liability on that gross income.

The lower rate of income tax on dividend income is currently 10 per cent. An individual shareholder who is not liable to income tax at a rate greater than the basic rate (currently 20 per cent.) will have no income tax to pay in respect of the dividend.

The higher rate of income tax on dividends received by an individual shareholder is currently 32.5 per cent. This means that a shareholder who is a higher rate taxpayer (currently 40 per cent.) will have further income tax to pay at a rate of 22.5 per cent. of the cash dividend paid plus the related tax credit (or 25 per cent. of the net dividend). For example, a dividend of £90 will carry a tax credit of

£10. The income tax payable by a higher rate taxpayer would be 32.5 per cent. of £100, namely £32.50 less the tax credit of £10 leaving a net tax liability of £22.50.

The additional rate of income tax on dividends received by individuals with taxable income in excess of £150,000 and the dividend trust rate which generally applies to dividends received by trustees (save in respect of interest in possession trusts where the income is treated as received by the beneficiary who is entitled to it) is currently 42.5 per cent. This means that a shareholder who is an additional rate taxpayer (currently 50 per cent.) or (generally) a trustee (other than in respect of an interest in possession trust) will have further income tax to pay at the rate of 32.5 per cent. of the cash dividend paid plus the related tax credit (or 36.11 per cent. of the net dividend). For example, a dividend of £90 will carry a tax credit of £10. The income tax payable by an additional rate taxpayer or (generally) by trustees (other than in respect of interest in possession trusts) would be 42.5 per cent. of £100, namely £42.50 less the tax credit of £10, leaving a net tax liability of £32.50.

UK resident shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals are not generally entitled to claim repayment of any part of the tax credit associated with the dividend from HM Revenue & Customs.

A UK resident corporate shareholder will not generally be liable to corporation tax on any dividend received from the Company and the dividend received and related tax credit will constitute franked investment income.

Whether a shareholder who is not resident in the UK for tax purposes is entitled to a tax credit in respect of dividends paid by the Company and to claim payment of any part of the tax credit will depend, in general, on the provisions of any double taxation convention which exists between the shareholder's country of residence and the UK. A non-UK resident shareholder may also be subject to foreign taxation on dividend income.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions or what relief or credit may be claimed in the jurisdiction in which they are resident.

11.2 ***Taxation of chargeable gain***

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company.

The Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will usually constitute the base cost of a shareholder's holding. If a Shareholder disposes of all or some of his Ordinary Shares a liability to tax on chargeable gains may, depending on their circumstances, arise.

Companies are due indexation allowance which may reduce the chargeable gain.

11.3 ***Stamp duty and stamp duty reserve tax***

No stamp duty or stamp duty reserve tax (SDRT) will generally be payable on the issue of the new Ordinary Shares. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than in the UK, you should consult your professional adviser immediately.

11.4 ***EIS and VCT Tax Reliefs***

Any EIS or VCT tax relief to which a Shareholder is entitled in respect of any Ordinary Shares will not be prejudiced by Admission.

12. Intellectual Property

The status of the Company's patent applications is set out in the table below:

Patent	*Date*	*Country*	*Status*
Polypeptides capable of binding to CD64 and comprising one or more heterologous T-cells epitopes, and their uses. PCT No. 02715584.5			
	28 January 2002	Austria	Awarded
	28 January 2002	Belgium	Awarded
	28 January 2002	Switzerland	Awarded
	28 January 2002	Germany	Awarded
	28 January 2002	Turkey	Awarded
	28 January 2002	Denmark	Awarded
	28 January 2002	Spain	Awarded
	28 January 2002	Finland	Awarded
	28 January 2002	France	Awarded
	28 January 2002	United Kingdom	Awarded
	28 January 2002	Ireland	Awarded
	28 January 2002	Italy	Awarded
	28 January 2002	Netherlands	Awarded
	28 January 2002	Portugal	Awarded
	28 January 2002	Sweden	Awarded
AU2002225230	23 July 2003	Australia	Awarded
CA2435672	23 July 2003	Canada	Under exam
2002-559062	25 July 2003	Japan	Under exam
10/470045	28 January 2002	United States of America	Under exam
Nucleic Acids patent			
2008231723	28 March 2008	Australia	Filed
PI0808599-4	28 March 2008	Brazil	Filed
2681531	28 March 2008	Canada	Filed
200880017669.4	28 March 2008	China	Filed
10152624.2	28 March 2008	European Patent Convention	Filed
08735583.0	28 March 2008	European Patent Convention	Filed
6178/DELNP/2009	28 March 2008	India	Filed
2010-500296	28 March 2008	Japan	Filed
10-2009-7021806	28 March 2008	Republic of Korea	Filed
200906265-4	28 March 2008	Singapore	Filed
12/566465	28 March 2008	United States of America	Filed
2009/07242	28 March 2008	South Africa	Filed
Trade Mark			
2362444	04 May 2004	United Kingdom	Awarded
004119591	29 October 2004	European Community	Awarded
78/510426	03 November 2004	United States of America	Awarded
1236348	29 October 2004	Canada	Awarded

13. Employees

The average number of persons employed by the Company during each of the three financial years ended 30 April 2010 and for the period since that date up to the date of this document was as follows:

	2008	*2009*	*2010*	*1 May 2010 – 13 July 2010*
Administration	1	1	1	1
Research	3	4	5	5

All employees are employed at the Group's offices in the UK.

14. Related Party Transactions

Save for those agreements or arrangements set out in paragraph 8.17 of Part III Section A of this document, the Company is not party to any related party transactions.

15. Working Capital

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the cash and cash equivalents of the Company, the Company has sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

16. Litigation

16.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the Company or the Group's financial position or profitability.

17. Significant Change

17.1 There has been no significant change in the financial or trading position of the Group since 30 April 2010, being the date to which the Group's latest audited financial information was prepared.

18. General

18.1 It is estimated that the total expenses payable by the Company in connection with the Admission will amount to approximately £105,000 (excluding VAT).

18.2 Zeus Capital has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

18.3 Champion Accountants LLP has given and not withdrawn its written consent to the inclusion in this document of its name and reports and the references thereto in the form and context in which they appear.

18.4 Save as set out in this document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

18.5 There have been no interruptions in the business of the Company, which may have or have had in the 12 months preceding the publication of this document a significant effect on the financial position of the Company or which are likely to have a material effect on the prospects of the Company for the next 12 months.

18.6 Save as set out in Part I of this document, the Directors are not aware of (i) any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects in the period commencing on the date of this document until 30 April 2011 or (ii) any trends in production, sales and inventory, and costs and selling prices between 30 April 2010 and the date of this document.

18.7 The Ordinary Shares are in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. The Ordinary Shares are issued in British Pounds Sterling with International Security Identification Number ("ISIN") GB00B39J5N63.

18.8 Save as disclosed in this document, there have been no payments by the Company to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.

18.9 As disclosed in the circular to Shareholders dated 5 March 2010, David Evans was paid underwriting commission of £13,680. Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

(a) received, directly or indirectly from the Group within the 12 months preceding the date of the application for Admission; or

(b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group, on or after Admission:

any of the following:

(i) fees totalling £10,000 or more;

(ii) securities in the Company where these have a value of £10,000 or more calculated by reference to the opening price of Ordinary Shares upon Admission; or

(iii) any other benefit with the value of £10,000 or more at the date of Admission.

18.10 There are no investments in progress which are significant to the Company.

18.11 The Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

18.12 Within this document, where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19. Documents available for inspection

A copy of this document may be inspected at the registered office of the Company, 5th Floor, Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0LS, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month following Admission.

Dated 14 July 2010